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THE WORLD AGRICULTURAL SITUATION

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CONTENTS

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LIST OF TABLES

1964 WORLD AGRICULTURAL SITUATION

WORLD SITUATION

SUMMARY

A rise in world agricultural production in 1963/64 slightly above last year's level, but below the increase in world population, is expected. Associated with this are a record movement of farm products in world trade and a slight rise in world prices for 1963/64 compared with last year. The exception to the continued uptrend in production is Eastern Europe, especially the USSR.

Contributing most to the expected per capita decline in the world supply of agricultural products from 1962/63 to 1963/64 are reductions in wheat and milk output. Sugar and rice production, however, has increased. Production of edible oilseeds, other fats and oils, and feedgrains has remained at high levels. Meat and egg output has continued upward. Tobacco production has increased significantly. Cotton production has climbed to a record high, but other fiber crops generally have declined slightly.

World exports of farm products rose slightly in 1962, while U. S. exports maintained their previous level of slightly more than $5 billion. Some rise is expected in exports of both the United States and the rest of the world for calendar year 1963. A further rise is expected in U. S. and Canadian farm exports to new highs during the year ending June 30, 1964. Fiscal year 1963 U. S. farm exports were valued at $5,084 million compared with $5,142 million the previous year.

During the latter part of 1962 and in 1963, a rise in world prices of farm products brought them more closely in line with prices of nonfarm products than in recent years. A substantial rise in world prices of primary food products occurred in 1963. Rises were significant for sugar, corn, and some livestock products, especially butter. There was a smaller rise in prices of many food products and of nonfood farm products generally. Wool and sisal prices rose sharply. Some other prices, such as those for tobacco and cotton, rose slightly, while the price of natural rubber declined sharply.

Population growth, combined with short crops in Eastern Europe and in several populous countries of Asia, will necessitate increased food imports by these areas. The continued rise in industrial production in the United States, Western Europe, Japan, Canada, and Australia will further stimulate world agricultural trade. Somewhat higher prices for tropical agricultural exports will add a bit to the purchasing power of many less developed countries.

In Latin America, despite a slight rise in total agricultural output during 1963/64, per capita output will decline about 2 percent because of the rapid rate of population growth. Drought conditions in parts of Latin America and the United States and hurricanes in the Caribbean have limited hemisphere production increases. Both total and per capita output is up sharply in Canada.

Canada's record wheat crop and Argentina's expected increase in grain output will contribute to greater export supplies for the Western Hemisphere. Similarly, the United States with a record corn crop and substantial stocks of wheat and other crops can help considerably to meet the apparent food deficit in other parts of the world.

Total West European farm output was at a very high level in 1963, as in 1962. Despite winter damage to grain, especially wheat, most countries showed little or no declines in total farm production. Wheat imports will be substantial in 1963/64, but feedgrain imports may be reduced by the increased availabilities of low quality wheat and increased production of barley and corn. Total consumption of feedgrains in 1964 will continue to grow as livestock production continues steadily upward.

The extent to which the price support system of the European Economic Community (EEC) as implemented by tariffs, variable levies, and other measures under the Common Agricultural Policy (CAP) will deter imports of farm products from nonmember and nonassociate countries is still uncertain at this time. The CAP so far has had limited adverse effects on some imports, mainly poultry and wheat flour, since the policy has not yet been fully implemented or extended to all products.

Agricultural output in Eastern Europe in 1963/64 will be markedly less than during the preceding year. The decline is estimated at 4 percent in the USSR and an average of 2 percent in other countries. Adverse weather conditions sharply reduced crop output, especially of spring wheat in the New Lands area of the Soviet Union.

This poor agricultural outturn has a number of significant implications. For the fifth year agricultural production in the USSR has failed to advance beyond the 1958 level, although substantial increases were planned. The large imports of wheat by the Soviet Union suggest extremely low foodgrain reserves throughout the Soviet Bloc. The poor showing further points up the precarious nature of agricultural production in Eastern Europe. Most satellite countries depend on the Soviet Union for considerable quantities of grain, especially wheat. In turn the USSR now depends heavily on its New Lands area for wheat. Thus, a serious crop failure in the New Lands, as occurred in 1963, has a disproportionate impact on the Soviet Union and the Bloc.

In Western Asia (from Iran westward) agricultural production in 1963 increased 4 percent over a year earlier largely due to a significant gain in Turkey. Imports will again be required to meet the area's net deficits in wheat and fats and oils. Agricultural exports from 1963 production will hold steady despite sharply reduced exports of raisins from Turkey.

Agricultural production in Africa is likely to increase about 2 percent in 1963/64 if anticipated yields materialize. Trade patterns similar to those of recent years will feature increases by the Republic of South Africa in imports of wheat and exports of corn. Emergency assistance continues to be needed in parts of Africa, especially in the Congo (Leopoldville).

Agricultural production reports in both the Far East and Oceania (Australia and New Zealand) show a rise in total output for 1963/64, but per capita output will decline an estimated 1 percent in Asia. The largest production increases in the Far East occurred in Taiwan, the Philippines, Federation of Malaysia, and Pakistan. Unfavorable yields from early summer crops resulted in reduced farm output in Japan and Korea. No major changes are reported in Mainland China and India. Wheat imports by Mainland China in 1963 exceeded those of 1961 or 1962. Mainland China's agricultural output appears unable to keep pace with population growth.

Imports of wheat and some other commodities are again needed by India and Pakistan. Deficit rice-producing areas, particularly Malaysia, Ceylon, and Indonesia, will again require

substantial rice imports in 1964. The expected near-record Australian wheat crop of about 8 million metric tons has largely been committed to regular Australian customers (such as the United Kingdom, other Commonwealth countries, and Japan) and to Communist countries.

Projections of factors affecting production, consumption, and trade for major commodities show a rising need for food imports by foreign countries over the next several years. Demand will grow faster than food production in many areas outside the United States and will be spurred by steadily rising incomes in an increasing number of countries and rapidly increasing populations in Asia, Africa, and Latin America. Based on these economic projections it is expected that agricultural exports from the United States will trend upward over the next several years.

The rise in anticipated U. S. exports will be led by foodgrains, soybeans, and soybean oil. U. S. farm exports in 1968 are expected to be up one-fourth from 1959-61 when the annual value averaged $4.8 billion.

Further stimulation of agricultural production in the EEC countries during the next several years is expected. In the years ahead the CAP may have larger consequences for EEC trade than heretofore. Trade within the EEC will be encouraged in commodities the member countries produce. Trade between the EEC and Greece, Turkey, Associated Overseas Territories, and countries with bilateral arrangements will also be stimulated.

WORLD SITUATION

World agricultural production is up less than 1 percent in 1963/64, but population growth continues at about 2 percent resulting in a per capita output decline of about 1 percent. Although agricultural output has changed little, there are significant changes in certain regions and commodities. The per capita decline was reflected in strengthening of prices for some agricultural products in the last quarter of 1963.

Production

Changes in world output of most major farm products in 1963/64 are generally moderate compared with the previous year. For no important category of commodities is there a major change in the general production trend.

While wheat production declined 6 percent, output of grains as a whole continued to rise; corn production rose 7 percent and rice and barley about 3 percent. Sugar production, rising 7 percent after declines in the previous 2 years, may be resuming the postwar uptrend.

Soybean production rose 5 percent while most other oilseed crops showed declines. Olive oil output rose sharply to a record high.

Output of livestock products continued upward with above-average increases in meat and tallow and greases, although milk production declined. Egg production rose about 2 percent and meat production 3 percent.

Fiber production increased slightly with cotton and wool each up about 1 percent. Cotton output is at a record high and far above world consumption for the second successive year. Coffee and tea production increased slightly while cocoa declined nearly 2 percent.

Supply and trade

A record level of international trade in farm products is expected in 1963/64. Production of most major commodities in world trade has increased, thereby increasing exportable surpluses. Record exportable supplies of wheat are due in part to large carryover stocks in the United

Table 1.--Indices of world agricultural production, total and per capita by regions, average 1935-39 and annual 1960/61 to 1963/64 1/

(1952/53-1954/55=100)

Region	Average 1935-39	1960/61	Revised 1961/62	Preliminary 1962/63	Estimates 1963/64
	Total				
Canada 2/	70	111	97	121	132
United States	69	114	115	117	119
Latin America	72	126	131	130	132
Western Europe	81	119	119	124	125
Eastern Europe	108	133	135	136	131
Soviet Union	102	135	138	141	135
Other Eastern Europe	119	129	128	125	123
Far East 3/	88	127	132	133	134
Western Asia	68	121	126	131	136
Africa	80	123	120	129	131
Australia-N. Zealand	78	125	128	133	136
World 4/	85	120	121	125	126
	Per capita				
	Average 1935-39	1960/61	Revised 1961/62	Preliminary 1962/63	Estimates 1963/64
Canada 2/	94	93	79	97	104
United States	85	101	100	100	100
Latin America	103	104	105	102	100
Western Europe	92	112	111	115	115
Eastern Europe	109	121	121	121	115
Soviet Union	104	121	122	123	116
Other Eastern Europe	118	120	119	116	113
Far East 3/	111	110	112	110	109
Western Asia	93	100	102	103	104
Africa	107	105	100	106	105
Australia-N. Zealand	103	107	107	110	110
World 4/	102	105	104	105	104

1/ Value of production at constant prices. Crops included in the index are harvested mainly between July 1 of the first year shown and June of the following year. For a few crops and most livestock production, estimates are for the calendar year of the first year shown. 2/ Revised series. 3/ Excluding Communist Asia. 4/ Including estimates for Communist Asia.

States and record supplies in Canada following its wheat harvest of 723 million bushels--21 million above the 1952 peak. U.S. exports of agricultural products are expected to reach record-high levels, while U.S. imports of tropical products may increase substantially.

A record movement of wheat and generally high levels of trade in feedgrains, rice, oilseeds, sugar, meats, wool, and other products are expected. Total grain production is estimated nearly 1 percent above 1962/63. Wheat production, estimated at 8.2 billion bushels, was exceeded only in 1958/59 and 1962/63. The U. S. and Canadian wheat supply (carryover plus the 1963 harvest) at the beginning of the new marketing year amounted to 3,535 million bushels, 164 million above 1962. Reductions in both the quantity and quality of wheat produced in Western Europe and the decline in USSR output--estimated to be about one-fourth below 1962's near-average crop--are creating increased import demands in these areas.

Corn and barley output reached record levels, largely as a result of the record corn crops in the United States and France and a sharp rise in barley production in several West European countries. The volume of trade in coarse grains will be limited by the high output of corn and barley and the availability of feed wheat in Western Europe, the world's major feedgrain deficit area.

A high volume of trade in rice in 1964 is expected from the record 1963/64 crop, a slightly larger carryover than last year, and strong demand by the usual large importers such as India, Indonesia, Pakistan, Ceylon, and the Federation of Malaysia.

Trade in oilseeds and oils is expected to continue upward because of the large soybean and olive crops and the continued strong demand for vegetable oils, especially those for producing edible products. Trade in meat and milk products probably will continue upward as a result of growing demand and plentiful supplies; trade in poultry meat may rise after the sharp decline in 1963.

World stocks of sugar were reduced during the past 2 years, but production from old and new plantings should meet demand if relatively high prices prevail.

Demand for natural fibers has been increasing and trade probably will increase in 1964 above levels of last year, although competition from manmade fibers is expected to limit expansion in natural-fiber trade, especially in cotton.

The record production of tobacco in 1963, estimated at 9.0 billion pounds, is about 5 percent above 1962. The increased supply favors a larger volume of trade in 1964 than in 1963. There are ample supplies of coffee, tea, and cocoa.

Price trends

Terms of trade for agricultural products improved in 1962/63. World export price indices of the United Nations showed food product prices increased 15 percent in the second quarter of 1963 from a year earlier. This rise was due partly to sharp increases in the price of sugar moving in international

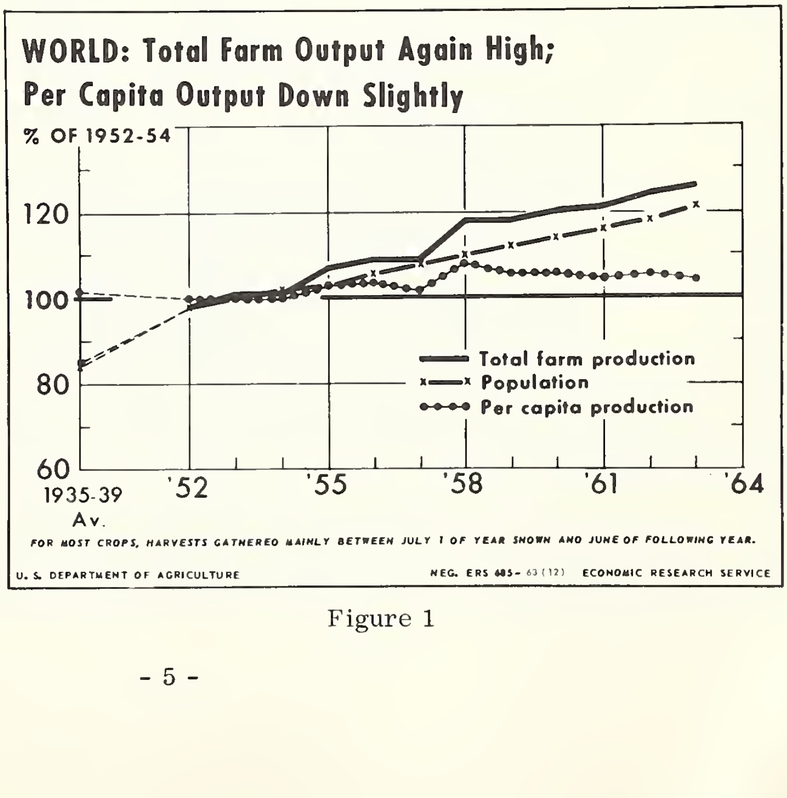

Figure 1

Table 2.--Estimated world production of selected agricultural commodities, average 1955/56-1959/60, annual 1960/61-1963/64

Commodity	Unit	Average 1955/56-1959/60	1960/61	1961/62	1962/63	1963/64 1/	Percent increase 1963/64 over 1962/63
Wheat	Mil. bu.	7,955	8,185	7,880	8,730	8,240	- 6
Rye	Mil. bu.	1,440	1,330	1,340	1,245	1,165	- 6
Rice, rough 2/	Mil. metr. t.	131	150	152	150	154	3
Corn	Mil. bu.	6,470	7,595	7,460	7,480	8,020	7
Barley	Mil. bu.	3,255	3,555	3,455	3,875	3,990	3
Oats	Mil. bu.	4,080	3,900	3,410	3,435	3,200	- 7
Sugar, centrifugal 3/	Mil. s.t.	49.6	60.1	57.0	55.0	58.7	7
Sugar, non-cent.	Mil. s.t.	7.3	7.0	6.8	6.9	6.9	0
Fruits, citrus	Mil. s.t.	4/15.9	17.1	18.1	15.9	17.2	8
Apples and pears 5/	Mil. bu.	602	753	690	772	690	-11
Potatoes 6/	Mil. cwt.	5,341	5,476	5,304	4,784	5,028	5
Dry beans 7/	Mil. cwt.	86.9	99.4	101	95.5	97.5	2
Dry peas 8/	Mil. cwt.	13.0	11.2	10.6	12.6	12.8	2
Hops 9/	Mil. lb.	155	179	151	176	194	10
Soybeans	Mil. bu.	894	930	1,047	1,035	1,089	5
Peanuts	Mil. s.t.	14.3	14.6	15.0	15.2	15.1	- 1
Flaxseed	Mil. bu.	132	124	117	133	127	- 4
Cottonseed	Mil. s.t.	21.4	23.0	22.3	23.7	23.9	0
Sesame seed	1,000 s.t.	1,610	1,494	1,583	1,651	1,645	0
Castor beans	1,000 s.t.	550	681	589	611	667	9
Sunflower seed	1,000 s.t.	5,666	6,603	7,084	7,451	6,585	-12
Rapeseed	1,000 s.t.	3,850	4,051	4,288	4,497	4,219	- 6
Olive oil	1,000 s.t.	10/1,091	1,480	1,441	1,020	1,630	60
Palm oil	1,000 s.t.	1,394	1,455	1,410	1,365	1,390	2
Palm kernel oil	1,000 s.t.	447	440	440	405	410	1
Coconut oil	1,000 s.t.	2,266	2,235	2,370	2,305	2,400	4
Butter 11/	1,000 s.t.	4/4,960	5,250	5,300	5,400	5,225	- 3
Meats 12/	Mil. cwt.	4/971	1,012	1,044	1,083	1,120	3
Milk 13/	Mil. cwt.	5,773	5,979	6,111	6,189	6,058	- 2
Eggs 14/	Bil.	4/179	201	205	211	216	2
Lard	Mil. lb.	4/6,835	7,065	7,125	7,320	7,240	- 1
Tallow and greases	Mil. lb.	4/6,475	6,880	7,295	7,230	7,740	7
Tobacco	Mil. lb.	8,518	8,278	7,723	8,630	9,165	6
Coffee	Mil. bags 15/	58.3	65.5	71.5	65.8	65.9	0
Tea	Mil. lb.	1,931	2,090	2,225	2,218	2,239	1
Cocoa	1,000 metr. t.	867	1,165	1,129	1,160	1,142	- 2
Cotton	Mil. bales 16/	43.7	46.7	45.9	48.8	49.1	1
Wool	Mil. lb.	4/5,385	5,615	5,745	5,715	5,780	1
Jute	Mil. lb.	4,416	3,625	5,545	4,955	4,855	- 2
Sisal	Mil. lb.	1,172	1,344	1,330	1,363	1,383	1
Henequen	Mil. lb.	298	361	373	369	307	-17
Abaca	Mil. lb.	259	233	195	256	261	2

Note: Revised series. The data relate to the calendar year of the first year shown for tobacco, fats, oils (except olive oil) and oilseeds, livestock products, tea, and hard fibers. For other commodities, harvests in northern countries in the first year shown are combined with those in the Southern Hemisphere which immdediately follow.

1/ Preliminary. 2/ Excludes Communist Asia and USSR. 3/ Selected countries only. 4/ 1956-60 average. 5/ Dessert and cooking, 20 countries. 6/ 32 countries. 7/ 28 countries. 8/ 19 countries. 9/ 21 countries. 10/ 1954/55-1957/58 average. 11/ Product weight; includes ghee. 12/ 44 countries; excludes poultry and variety meats. 13/ 35 countries. 14/ 32 countries. 15/ Bags of 60 kg. or 132 lb. each. 16/ Bales of 480 lb. net.

trade. Export prices of nonfood agricultural products rose only 3 percent during the same 12-month period. Prices of both food and nonfood farm products rose slightly in the latter part of 1962 and somewhat more in 1963. Manufactured products showed no change in either period. However, farm product prices continued below the level of prices for both manufactured and mineral products.

Prices at major world markets generally were stronger in late 1963 than a year earlier for a large number of products: tallow, some dairy and poultry products, corn, grain sorghum, sugar, most edible oilseeds and oils, cocoa beans, coffee, wool, and hard fibers. The price of sugar showed the greatest gain.

Heavy supplies and lack of strong demand held down the prices of cotton and flaxseed. Prices of fibers other than cotton tended to rise rather strongly during 1962/63. Prices of U.S. Strict Middling 1 1/16 inch cotton (c.i.f. European ports) in early December 1963 were a little more than 1 cent per pound below a year earlier, but prices have been relatively stable since April when the competitive bid export sales program began.

Commodities reflecting considerable price steadiness during the last crop year in response to strong demand included wheat and coffee.

Following a record wheat crop in 1962/63, prices continued firm in the fall of 1962 and throughout 1963 until the peak harvest in Canada was assured. World prices declined in the early part of the marketing year. However, with a smaller crop in Western Europe than in 1962 and a continued desire by Communist countries to purchase wheat in the free world, the average price of No. 2 Red Winter wheat in mid-November 1963 at North European ports had risen to $71.60 per metric ton compared with $62.40 a year earlier.

Coffee prices declined in 1961 and 1962. Around November 1962 Robusta prices strengthened as the result of growing demand. They continued fairly steady through September 1963 and then moved up sharply. After the beginning of October 1963 Arabica prices also increased. Adverse weather in Brazil contributed to the price rise in the latter part of 1963. The Council of the International Coffee Agreement has been concerned with preventing undue price rises and sharp declines.

Fats and oils prices have been mixed but generally upward. After a near glut of butter on the British market and placement of quota restrictions, on imports by the U. K. Government, the price of imported butter strengthened until it was higher last November than a year earlier. Tallow and lard prices were also higher at European ports.

U. S. soybeans at European ports in November were $3.17 per bushel, 34 cents above a year earlier. Sunflower and peanut oil prices were also higher. Soybean oil prices were unchanged.

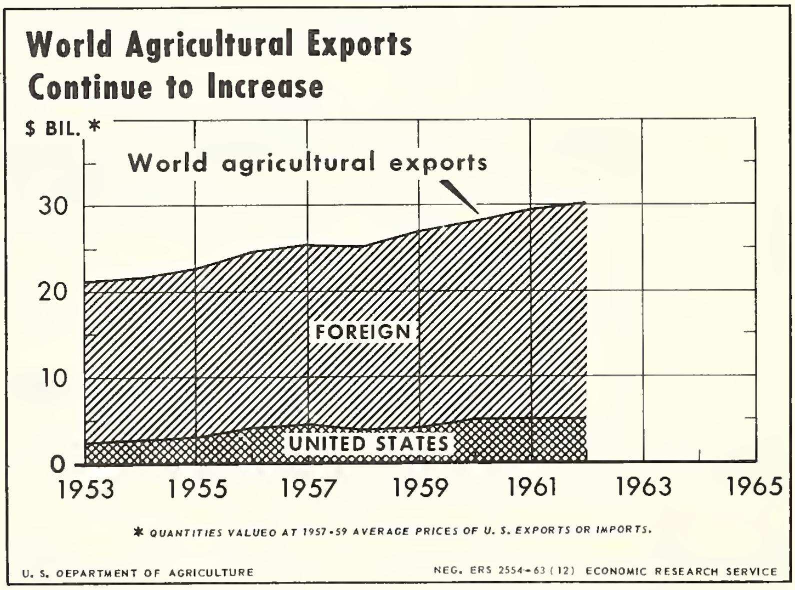

Figure 2

Foreign countries and international institutions continue to expand their holdings of gold, short-term dollars, and convertible dollar instruments. The trend of increasing gold and dollar reserves outside the United States continued into the second half of 1963, although the rate of increase probably was not as high as in the first half. A large private capital outflow from the United States was primarily responsible for the increase in foreign gold and dollar holdings. Several monetary measures to stem the outflow of short-term capital were introduced in the United States at the beginning of the third quarter.

Industrial countries' holdings of gold have increased by an estimated $4.3 billion in the 1960's, clearly revealing the main repositories of gold leaving the United States. Less developed countries, mainly producing primary commodities, have only slightly increased gold and dollar holdings. Therefore, less developed countries which have high income elasticities of demand for agricultural products are least able to increase their imports, except through concessional sales programs of more developed countries. Cash purchases would reduce current low reserves that are already under pressure for meeting payments on capital imports.

The flow of total economic assistance from industrial to less developed countries declined slightly from $9.1 billion in 1961 to $9.0 billion in 1962. Bilateral economic aid from public sources increased slightly while private investment declined. Public and private contributions to multilateral financial and technical assistance agencies continued at about the same level in 1962 as in 1961. But the actual flow of multilateral financial assistance has been increasing since 1961. Increases in contributions to the World Bank were made in 1961. There has also been expanded activity by regional financial institutions that are relatively new, such as the EEC Development Bank and the Inter-American Development Bank.

The availability of aid funds during 1963 insured a continued high level of activity during the year. Prospects for continuing the expanded assistance in 1964 are somewhat uncertain and dependent in part on U.S. appropriations for foreign economic aid.

The United States continued supplying about one-half of the global flow of development assistance in 1962 with a slight increase over 1961 in public funds but a significant decrease in private investment. Public Law 480 activity is continuing at about the same level of the last several years and represents a sizable proportion of the total. Although Asia still receives the largest volume of U.S. assistance, the proportion going to Africa and Latin America continues to increase.

Assistance increased from Western Europe in 1962, while assistance by Japan declined more than one-fifth. The Sino-Soviet Bloc increased its support to less developed countries by more than one-third in 1962, but the Soviet Union appears to have reduced aid commitments in 1963 in an effort to fulfill past commitments that are behind schedule.

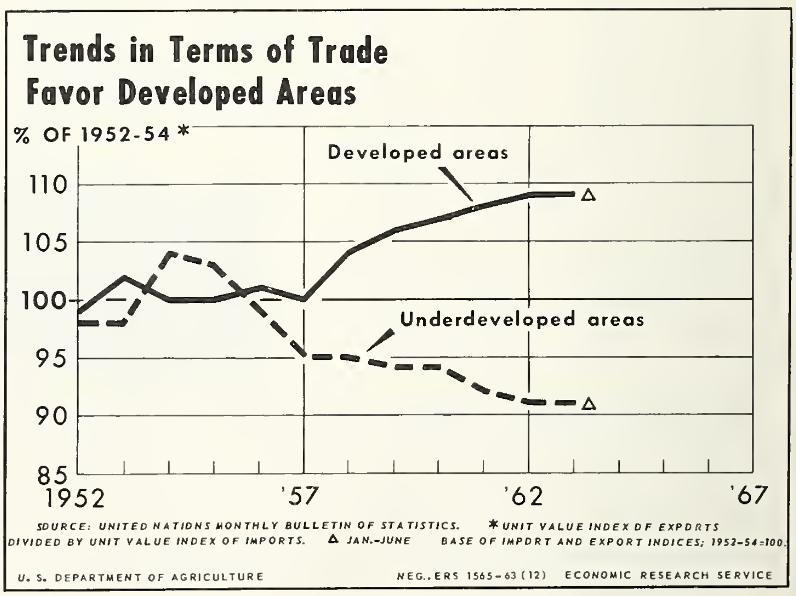

Figure 3

Agricultural commodity assistance under P. L. 480 currently accounts for approximately 48 percent of U. S. net foreign economic aid. Although sales for local currencies (under Title I of the Act) accounted for some 70 percent of agricultural commodity assistance in 1963, strong emphasis currently is being placed on food grants under Title II to support specific economic development projects. Since the economic development section of Title II became effective in 1960, 20 countries have received transfer authorizations under the section for food aid having a Commodity Credit Corporation (CCC) value of $207 million. This program provides food directly to support infrastructure development (facilities and services) whereby food is made available for payments-in-kind to workers or for use in securing funds to pay wages and purchase tools.

Longer-range prospects

Agricultural production in North America has easily kept pace with growing domestic demand. Agricultural exports in recent years have trended steadily upward. This trend is expected to continue throughout the 1960's as the food deficit in many parts of the world continues to grow.

Latin America has experienced great difficulty since the late 1930's in expanding output as fast as population. The per capita output of farm products has actually dropped from prewar levels. The region has lost its net export surplus of 9 million tons of grain per year before World War II and is now scarcely self-sufficient. Population is projected to expand 29 percent during the 1960's--the largest percentage increase in any region. Given the continued channeling of available capital into industry and the neglect of agriculture, Latin America generally will have difficulty maintaining current per capita food production levels for the remainder of this decade.

Western Europe has had an annual population growth rate of less than 1 percent during the past decade and has made substantial gains in per capita agricultural output. Increased demand for farm products is attributable more to steadily rising per capita incomes than to population growth. Further gains in per capita output will likely occur because of structural changes such as the consolidation of fragmented holdings, governmental aid to agriculture, and increased tempo in applying technology to production. But with continuing dietary improvements, largely reflected in the steadily rising consumption of livestock and other nonstarch products, the region will continue to need large agricultural imports.

Eastern Europe (including the Soviet Union) has many problems in expanding agriculture. Modest increases in population coupled with per capita income levels well above early postwar levels have increased the demand for food. But at least three factors tend to restrict agricultural progress: Natural factors such as climate, institutions that weaken the link between effort and reward, and a policy of stressing

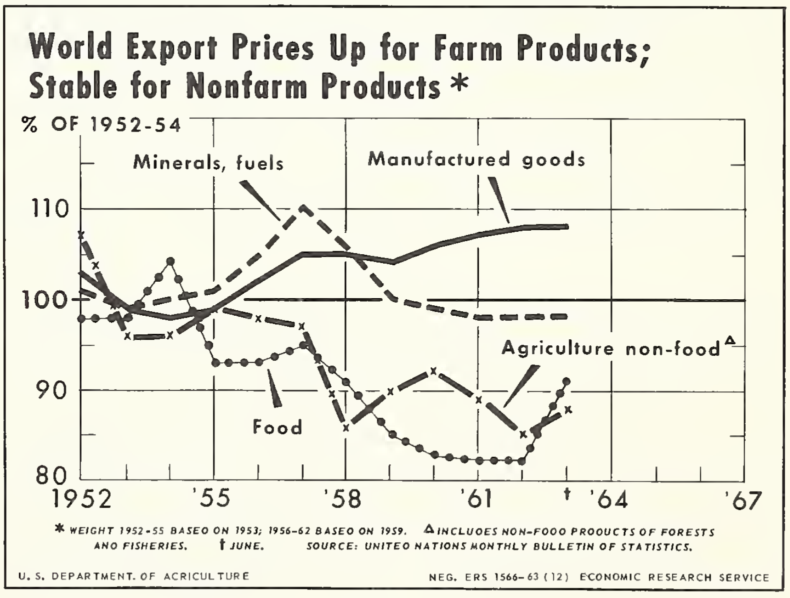

Figure 4

industry at the expense of agriculture. Eastern Europe has recently become a food deficit area.

Africa has made slight progress in raising per capita levels of agricultural output, but not enough to cover additional demand generated by rising incomes. This region has also become deficit in grain in recent years. Africa will continue to depend on external sources of food throughout the remainder of this decade.

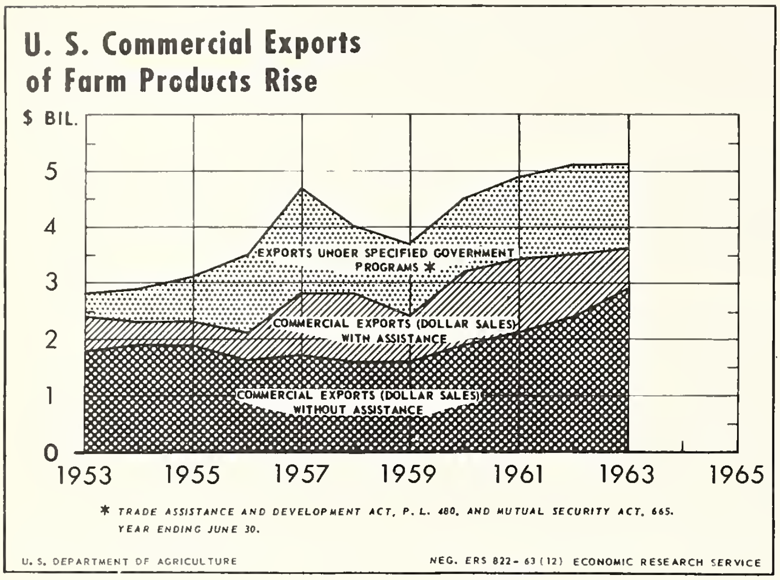

Figure 5

Agricultural output in Asia is lagging badly. Per capita food output is low and is declining. Although a net exporter of food-grains until World War II, Asia by the early 1960's was a net importer of 16 million metric tons of grain annually, mostly foodgrains. Population is dense and growing rapidly. Little new land can readily be brought under cultivation. And the raising of per acre yields requires capital and know-how--both lacking in less developed areas. Asia's demand for food and fiber will likely continue to outgain supply, thus widening further its deficit.

Oceania has made substantial gains in per capita agricultural output, particularly over the last few years. These gains will likely continue and even larger exportable surpluses of food will be generated. But despite its highly progressive agriculture, Oceania's ability to expand production of grain and other foodstuffs for export will be governed by the resources devoted to agriculture and development of transportation and water resources.

SITUATION
By Commodities

Grains

World grain production in 1963/64 is estimated less than 1 percent higher than in 1962/63. Increases in rice, corn, and barley are about offset by reductions in wheat, rye, and oats. World corn and barley crops have established record highs. Wheat output is 6 percent below the record crop a year earlier. Rye and oats are at the lowest production level in 40 years, continuing their downtrend.

Wheat: Production is forecast at 8.2 billion bushels (224 million metric tons), exceeded only by the 8.7 billion bushels (238 million metric tons) in 1958/59 and 1962/63. The reduction from last year's record outturn was mainly in the Soviet Union and Western Europe, where bad weather reduced crops sharply. These reductions much more than offset increases in other areas, especially in North America.

The very poor harvest is making the USSR a substantial net importer this season. Purchases of about 330 million bushels (9 million metric tons) have been reported to date. Further purchases are in prospect and may bring the total for the 1963/64 marketing year close to 500 million bushels; a substantial quantity of wheat will likely be sold by USSR to other Bloc countries.

Reductions in both the quantity and quality of wheat produced in Western Europe will result in substantially larger import requirements. France's crop is reduced sharply in size and quality. Exports will be considerably smaller this season, and the country is expected to import about 18 million bushels (490,000 metric tons) of bread wheat as well as the usual imports of durum wheat.

Supplies are large in North America. They are adequate to cover foreseeable foreign demand and still leave adequate carryover stocks. Canada's 1963/64 supplies, at 1.2 billion bushels, are more than 1 billion over annual domestic requirements. U. S. supplies in 1963/64 total 2.3 billion bushels. Although this is below the high level of the past 5 years, it is considerably above any season before 1958/59.

Asia's estimated wheat production approximates last year's record outturn despite sharply reduced harvests in Japan, Syria, and Iraq. A substantial increase was reported for Turkey, and India's crop was near last year's record; their import requirements should be reduced. Little change is estimated in total wheat production and import requirements in Northern Africa.

In the Southern Hemisphere, where harvesting began in November, wheat output at least equal to last year is in prospect. A somewhat larger crop in the Republic of South Africa will reduce its import requirements during 1964. South America may harvest a larger crop than in 1962/63, especially in Argentina, which normally produces about 70 percent of South America's total. Australia also expects a good harvest, although slightly below the record 1962/63 crop. Australia may produce more than 200 million bushels (5.4 million metric tons) above domestic requirements.

World trade in wheat is expected to reach a record total of over 1.9 billion bushels (52 million metric tons) this season because of smaller harvests and poor quality wheat in a number of areas. This expansion is largely due to heavy requirements in Communist areas, i.e. continued requirements in Mainland China and the newly-developed deficit in the Soviet Union. Because of the USSR shortage the satellite countries of Eastern Europe will have to import to some extent from other sources.

Rye: World production of rye in 1963 at 1,165 million bushels (30 million metric tons) is 19 percent below the 1955-59 average. Reductions in the Soviet Union and Eastern Europe account for most of the decline. Acreage has been reduced especially in the Soviet Union and Poland, the leading producers. Some reduction also has occurred in Western Europe, mainly in West Germany.

Production in North America was smaller than in 1962 but still above average. The reduced U. S. crop accounted for all the decline in North American output.

Rice: The largest rice crop on record is in prospect for 1963/64, despite a sharp decline in acreage. World rice production (excluding Communist areas of Asia) is forecast at 154 million metric tons of rough rice. This is 4 million larger than in 1962/63 and nearly 2 million above the previous high in 1961/62.

Late rains in some principal rice producing areas of Asia delayed planting and reduced planted acreage. However, weather during the growing season permitted generally good yields.

Estimated production by major exporting countries is down nearly 2 million metric tons from the high level of 1962/63. Offsetting these reductions are substantial stocks carried over in Burma and Thailand from the 1962/63 crop.

World demand for rice will be strong in 1964. The usual large importers (India, Indonesia, Pakistan, Ceylon, and Malaysia) will probably be seeking more rice than a year earlier. Indonesia's 1963 crop was lower than anticipated and a severe drought in Malaysia sharply reduced its 1963 acreage.

Feedgrains: World production of corn, barley, and oats, on a combined tonnage basis, is estimated to be at an alltime high in 1963/64 because of the unprecedented harvests of corn and barley. Total production of these grains is tentatively estimated at 337 million metric tons, 13 million above the 1962/63 crop.

Barley production increased in a number of areas, but over 65 percent of the gain was in Western Europe. Expansion there was due to the seeding of spring barley on a substantial portion of the winter-damaged wheat acreage.

A large part of the rise in corn output was in the United States and Western Europe. France almost doubled 1962 production and output in Italy was up about 10 percent. However, the record U. S. crop is the outstanding factor in the overall corn increase, since it represents more than half of world production.

Production of oats continued decreasing with most areas of the world reporting declines. Commercial grain sorghum production is concentrated in the United States, where a crop of 539 million bushels (8 million metric tons) is reported for 1963. This is slightly above the below-average 1962 harvest.

World import demand for feedgrains may be slightly larger than in 1962/63. Larger imports are probable in Japan because of poor crops and increased emphasis on grain feeding. Some increase may also develop as a result of poor crops in the Soviet Union and parts of Eastern Europe. The situation is not yet clear in Western Europe; larger barley and corn crops and sizable supplies of substandard wheat will provide much of the area's needs. However, a continuing rise in the use of grains for feed may maintain import requirements.

Vegetable oils

World production of vegetable oils in 1964 is expected to be at a new high of approximately 19.1 million metric tons, or 3 percent above the 1963 record and one-fifth above the 1955-59 average. Virtually all the increase from 1963 will be in edible oils with only a slight expansion in industrial oils. Minor declines are forecast in industrial oils and the palm oil group. The predominant share of the vegetable oils to be produced in 1964 will be from oilbearing crops harvested in 1963. The major exception is the palm oils, produced simultaneously throughout the year as source materials are harvested. Demand for fats and oils is expected to strengthen in 1964 both to meet growing consumption requirements in importing countries and to replenish stocks that were reduced in 1963.

Production: Edible oils, which account for over 70 percent of the world supply of vegetable oils, may exceed 1963 production by about 515,000 metric tons. The expansion will be due chiefly to the record production of olive oil in the Mediterranean Basin in 1963 and a substantial increase in soybean oil outturn, mainly because of the record U. S. soybean crop in 1963. Soybeans are by far the largest source of vegetable oils, accounting for nearly one-third of the edible oils and one-fifth of all vegetable oils.

Peanut oil production may increase slightly in 1964 reflecting mainly a substantial carryover of old-crop peanuts in Nigeria into the 1963/64 marketing season. World peanut production in 1963 was at about the same level as the year earlier. The expectation of slightly more rapeseed oil in 1964 is based on the 50 percent expansion in Canada's 1963 rapeseed harvest plus the possibility of increased European production in the spring of 1964. Partially offsetting these increases will be a substantial decrease in sunflowerseed oil production, reflecting sharp declines in 1963 crops for the USSR and Argentina.

Production of palm oils in 1964 will be determined largely by the extent to which Philippine coconut output declines. Coconut production in the first half of 1964 may drop substantially from a year earlier, reflecting a sustained period of below-normal rainfall. This decline probably will be tempered somewhat by an increase in the number of producing palms. It is estimated that world output of palm oils in 1964 will be down about 1 percent from 1963.

The slight decline foreseen in industrial oils in 1964 is due mainly to the somewhat smaller volume of linseed oil expected. World production of flaxseed in 1963 was moderately smaller than a year earlier. The declines in Argentina, India, the United States, France, and some Communist areas were only partially offset by the increase of one-fourth in Canada. However, U. S. stocks at the beginning of the marketing year, July 1, 1963, were large and total U. S. supply exceeded a year earlier by about 11 percent. Slight increases from 1963 are expected in Brazilian oiticica oil and in U. S. tung oil. A gain in the production of Paraguayan tung oil will be virtually offset by a loss in Argentine oil output. Castor oil production in 1964 probably will be above the relatively high level of 1963.

Demand: Expansion of world demand for vegetable oils is expected to balance or possibly exceed the increased production. To the continuing rise in demand stemming from population increases must be added the possibility of replenishing worldwide stocks, which were reduced in 1963.

World demand for oilseed cakes and meals was unusually high in 1963 due to the severe European winter. A further increase in demand in 1964 appears unlikely, barring another extended period of adverse weather in Europe during the current winter and spring.

Exports: World exports of vegetable oils, which increased only slightly in 1963 from the previous year, are expected to rise moderately in 1964. As currently forecast, shipments of 6.4 million metric tons in 1964 will exceed the record high in 1963 by 4 percent and the 1955-59 average by one-fifth. The expected increase is likely to be almost entirely in edible oils.

Edible oil exports in 1964 are expected to rise 230,000 metric tons from exports in 1963, mainly reflecting larger shipments of soybean oil. Soybeans and soybean oil, the largest export category, will account for almost one-half of the world's edible oil exports and over one-fourth of total vegetable oil exports. Most of the increase in world vegetable oil exports in 1964 is expected to result from the expansion in U. S. exports of soybeans and soybean oil. Increased exports of soybean and cottonseed oils under Government programs are expected to make a substantially greater contribution to the demand for edible oil in developing areas of the world. Dollar sales of U. S. soybeans to Japan and European countries also are expected to increase in response to crushers' demands for more raw materials for processing. In fiscal year 1963 the category of soybeans and soybean products was the leading dollar earner of all U. S. agricultural exports.

Less significant increases from 1963 are forecast in exports of: (1) cottonseed oil, primarily from the United States and Africa; (2) olive oil from the Mediterranean Basin; (3) peanut oil from India and Africa; and (4) rapeseed oil from Canada and Europe. However, nearly offsetting these gains will be the substantial drop in sunflowerseed oil exports from the USSR and Argentina.

A probable decrease in copra and coconut oil exports accounts for the expected decline in world trade of the palm oils group in 1964. Exports from the Philippines, Indonesia, and Malaysia are likely to decrease, but shipments from Ceylon may be up. Little variation from last year is foreseen in exports of palm and palm kernel oils.

Exports of industrial oils are expected to increase moderately, largely because of the increased volume of linseed oil that may move in the form of seed or oil from the United States and Canada.

World exports of oilcake and meal in 1964 probably will approximate or slightly exceed the high level of 1963. Expansion of import needs in Western Europe probably will be limited by favorable feedgrain supplies and increased domestic meal production from large imports of soybeans. U. S. meal exports are expected to increase moderately in 1964.

Fruits, nuts, and vegetables

Citrus fruit: Production was at near-record levels in 1963/64, except in the United States. The freeze in December 1962 not only severely cut the 1962/63 citrus crop but also reduced citrus production prospects for 1963/64 in Florida, the leading U. S. citrus area. Supplies of fresh citrus for export in the Mediterranean countries, however, are substantially above last season when exports were curtailed by a freeze in Italy and Spain. This season's increased supplies of citrus in the Mediterranean region, coupled with relatively high prices in the U. S. market, undoubtedly will reduce U. S. exports of both fresh and processed citrus during the 1963/64 season.

Deciduous fruit: The 1963 production of dessert and cooking apples in the Northern Hemisphere was slightly larger than a year earlier. The crop in Italy, the largest apple producer in Europe, was somewhat smaller than the record large output in 1962. This loss, however, was more than offset by significant increases in France, West Germany, Denmark, Austria, and Yugoslavia. Therefore, European imports are expected to be smaller than in 1962/63.

Pear production in the Northern Hemisphere for 1963 was smaller than the relatively large harvest a year earlier but was about the same as in 1961. Practically every major producing country had shorter crops than in 1962. Prices are expected to be relatively high in Europe where 1963 production was down approximately 11 percent from a year earlier. However, U. S. participation in European markets will be limited by the sharp decrease in U. S. production.

Raisins and prunes: World production of raisins and prunes in 1963 was smaller than in 1962. Supplies for export during the 1963/64 marketing season will be smaller than in 1962/63.

Export prices are higher. The 1963 raisin pack was down from a year earlier in Australia, Greece, and Turkey. A recent estimate of the 1963 U. S. raisin pack indicated it to be much larger than average. The 1963 prune pack was below 1962 in the most important producing countries--the United States, France, and Yugoslavia. U. S. exports of raisins in 1963/64 may be somewhat higher than last season; exports of prunes may be lower.

Canned deciduous fruit: The world pack in 1963 was probably less than in 1962. Decreases in U. S. production of canned pears and fruit cocktail may not have been offset by increases in the Southern Hemisphere and other foreign producing areas. International trade in 1963/64, however, may be slightly larger than in the preceding season. Australia and South Africa may account for most of the gain. U. S. prices are expected to average higher than a year earlier; prices in Australia and South Africa are lower.

Almonds, filberts, and walnuts: The world almond crop in 1963 was much larger than in 1962 and substantially above average. World trade in 1963/64 will be considerably above the small volume of 1962/63. Despite the larger crop, 1963/64 world prices are fairly high again due to strong demand. Production in the United States in 1963 was well above average. U. S. exports in 1963/64 will be larger than last season. World filbert production in 1963 was near average. World trade in filberts probably will average about the same as in the three previous seasons and prices will continue strong. The world walnut pack in 1963 was somewhat smaller than in 1962 but well above average. The U. S. crop was again large. International trade may be down in 1963/64 primarily because of a short Italian crop.

Potatoes: World output of potatoes in 1963 was about 5 percent larger than in 1962 but about 6 percent under the 1955-59 average. Production in North America was up 2 percent from 1962 and about 12 percent above average. South American production was also larger than in 1962 but was about average. The West European crop was 7 percent larger than in 1962 and about 4 percent above average. Potato production in Eastern Europe was about the same as in 1962 but about 2 percent below average. The USSR crop, although somewhat larger than in 1962, was about 20 percent below average. Because of the larger crop in Western Europe, prospects for U. S. potato exports are less favorable than a year ago.

Beans: Production in 1963 was down sharply from a year earlier in Western Europe, the world's largest bean importing region. The decrease was due to smaller acreage and adverse weather. Supplies are short in Eastern Europe, usually a source of beans for Western Europe. The tight food situation behind the Iron Curtain and the demand for beans in Cuba will leave few beans available for export from the Balkan countries to Western Europe. The Balkan countries may even import beans from the United States this season. Russia imported about 4,000 metric tons of Michigan pea beans last March for the first time in many years.

U. S. exports to Europe in 1962/63 reached a record high; exports this season may be higher. Western Europe purchased more U. S. beans in the fall of 1963 than the unusually large quantity bought early last season.

Preliminary information from Latin America indicates prospects for a record bean crop in Mexico. In past years, Mexico imported large quantities of U. S. pinto beans. Chile is normally a sizable exporter of beans to Western Europe and Cuba but the Chilean harvest of last spring has been sold out. Conditions favor a large Chilean crop in the spring of 1964.

Livestock, dairy, and poultry

Livestock: World livestock numbers and production of meat and meat products have been on an almost continuous uptrend since the end of World War II. Cattle numbers reached a record high of 1,078 million head at the beginning of 1963, 2 percent above 1962 and 10 percent above the 1956-60 average. Hog numbers in 1963 also reached a peak of 496 million, up

1 percent from the previous year and 15 percent above the average. World sheep numbers increased to about 991 million in 1963, up slightly from 1962 and 6 percent above the average.

Meat production in the 44 major producing countries (excluding Communist China) which account for about 85 percent of the world supply apparently reached a high of approximately 51 million metric tons (112 billion pounds) in 1963, an increase of about 3 percent over 1962. Moderate to large gains were recorded in North and South America, Western Europe, USSR, and Oceania. Increased production of all types except horse meat is expected in 1964, reflecting increases in livestock numbers. North America continues as the leading meat producing continent; the United States is the leading producer and consumer.

In recent years rising import demand in the United States, Canada, and Europe (except the United Kingdom) has drawn increasing meat supplies from the principal surplus producers. The United Kingdom has increased per capita supplies from domestic production, and imports have not changed much from year to year.

World meat trade rose to 3.3 million metric tons (7.2 billion pounds) carcass meat equivalent in 1962, an increase of 11 percent over 1961. Trade continued large in 1963 and further expansion is expected in 1964. New Zealand, Denmark, Argentina, and Australia continue to lead in meat exports; in 1962 they accounted for 63 percent of world meat exports. The United Kingdom continued to be the leading importer in 1962, taking 47 percent of all meat exported. The United States ranked second, taking about 840,000 metric tons (1,850 million pounds) in 1962, over twice as much as the average for 1956-60, and imports were even larger in 1963. Other countries importing over 45,000 metric tons (100 million pounds) in 1962 were West Germany, Italy, USSR, Canada, and Spain.

During the past decade meat consumption increased over 30 percent and considerably more than the world's population. The increased consumption reflected a sharp rise in world meat output and unusually strong demand due to higher incomes. Further increases in per capita supplies are expected because of favorable livestock prices, improved breeding and production practices, and ample feed and pasture resources in many countries.

Per capita consumption continued to rise in 1963 with at least 17 countries consuming more than 45 kilograms (100 pounds) per capita. This uptrend is expected to continue not only in the major meat producing countries but also in leading consuming countries in Western Europe and in many less developed countries. New Zealand, Australia, Uruguay, and Argentina are the leading countries in per capita meat consumption, with each averaging well over 200 pounds per person. The United States and the United Kingdom rank fifth and sixth. USSR consumption increased in 1963 as feed shortages caused slaughter of over-extended herds.

In the past 5 years a definite shift in demand to beef from pork occurred in Canada, the United States, and several countries of Western Europe.

World beef prices continued relatively high in 1962 but declined considerably in the United States and the United Kingdom in 1963. Rising prices in other European countries in 1963, reflecting increased import demand, assured exporting countries of increased outlets for their mounting supplies. Demand for lamb and mutton has increased materially in Japan and in the Mediterranean countries of Europe. This demand has afforded new markets for the increasing exports from Australia and New Zealand. U. S. imports also continued to rise in 1963. The United Kingdom, however, remains the leading importer of lamb and mutton; it took about 70 percent of the export total in 1962.

Tallows and greases: Production of tallows and greases in the principal producing countries in 1963 totaled about 3.5 million metric tons (7.7 billion pounds), about 7 percent greater than in 1962 and nearly 20 percent above the 1956-60 average. Production increased in 1963 in most of the main producing areas, particularly North America, Europe, and USSR. Production probably did not increase in Eastern Europe because of the corn shortages in 1962

and the severe winter of 1962/63. Production of tallows and greases is likely to increase in 1964, particularly in Western Europe, Australia, New Zealand, the United States, and Canada.

World trade in tallows and greases increased in 1963 to a record or near-record level. World trade is dominated by the United States, which supplies about 70 percent of total exports and ships over 40 percent of its domestic production. Exports of tallow to Western Europe for use in soap making have tended to decline in recent years reflecting the competition from synthetic detergents. On the other hand, tallow is now being used as an ingredient in poultry and livestock feeds, particularly in Western Europe and Japan. Tallow exports are increasing to Egypt, Pakistan, Spain, Colombia, and some other less developed countries where consumer incomes have increased.

Prices of tallows and greases in late 1962 and the first half of 1963 were at the lowest levels in recent years because of large production and supplies of competing vegetable and marine oils.

Lard: Lard production in 1963 in the principal producing countries amounted to about 3.3 million metric tons (7.2 billion pounds), slightly lower than in 1962 but about 6 percent above the 1956-60 average. Production in 1963 was down from a year earlier in Eastern and Western Europe, was about unchanged in North America, and was up in South America. Production in 1963 was above average in all major producing areas, except in North America where output in both the United States and Canada was below average.

World output in 1964 is expected to rise moderately. Some increase is expected in nearly all geographic areas except North America and the USSR. Little change is expected in North America.

Lard exports from the United States account for about 60 percent of world trade. The United Kingdom is by far the leading importer, taking almost 60 percent of the lard entering world trade. Most West European countries except the United Kingdom have become self-sufficient or have become net exporters.

World prices for lard continued relatively low in 1963 because of the large supplies of competing vegetable fats and oils and a rising preference in many countries for shortening or margarine instead of lard.

Dairy: A decline in milk cow numbers, unfavorable weather in some areas, and higher feed costs in many principal dairying countries brought a moderate reduction in world milk production in 1963. Total production of milk is estimated at 275 million metric tons (606 billion pounds), a decrease of about 2 percent from the high in 1962. Slight production declines in North America and Europe interrupted the uptrend of the past few years in these areas. Production in Eastern Europe and the USSR was reported to be off sharply due to prolonged drought in many areas and short feed supplies.

With total milk production down, the amount of milk available for manufacturing purposes was lower in 1963 than in 1962. Butter production, estimated at 4.7 million metric tons (5.2 million short tons), was most severely affected, down about 3 percent from 1962. Cheese production, because of a persistently strong demand during recent years, was moderately higher. Output of canned and dried whole milk changed little from the low level of 1962. Production of nonfat dry milk continued to expand.

World exports of dairy products in 1963 were up considerably despite continued quota limitations on butter trade in the United Kingdom. In addition to a 5 percent increase in U. K. quota authorizations at the beginning of the year, sizable quantities of butter were shipped to several countries which normally do not import it. Large carryover stocks of butter in the United States and Canada were utilized to fill the shortfall in exportable supplies from several countries. The volume of trade in cheese continued unchanged from the previous year as strong domestic demand in most major producing countries limited supplies for export.

Trade in canned milk was up mainly because of increased demand in less developed countries of Africa. Exports of nonfat dry milk continued to rise mainly because of larger shipments from the United States.

Indications point to a further decline in milk production in 1964 mainly because of fewer dairy cattle, feed shortages in many areas, and generally higher feed prices.

World trade in dairy products probably will continue at a high level during 1964. Sizable stocks in the United States and Canada will be available to fill the gap caused by lower production in some traditional supplying countries.

Poultry: World egg and poultry meat production in 1963 was higher than in 1962. Increases in egg production were limited mainly to the less developed countries, while poultry meat production continued to receive more attention in the industrial countries. Output of poultry meat in both major producing areas, North America and Western Europe, was up considerably from 1962.

World trade in poultry meat in the first half of 1963 was off sharply from the high in 1962. Imports by West Germany, the principal market, were down to 70,200 metric tons, near the 1961 level, compared with 116,400 tons in the first half of 1962.

Germany's imports from most major suppliers were off, but shipments from non-EEC countries, mainly the United States and Denmark, declined the most. Despite sizable reserve inventories at the beginning of 1963 and expanding production, poultry meat prices in Germany have risen since higher EEC duty rates were effected on poultry imports from non-EEC countries.

World output of poultry meat is expected to increase again in 1964 as demand for all meat products continues strong. The overall rate of increase will not be as spectacular as during recent years. Output in Denmark and the Netherlands will be greatly influenced by the export market situation.

World trade in poultry meat will likely continue at a high level in 1964, but under present conditions a resumption of the sharp uptrend during the 1957-62 period is highly improbable.

Sugar and beverages

Sugar: World production of centrifugal sugar in 1963/64 is estimated at 58.7 million short tons compared with 55.0 million the preceding season. The alltime peak was 60.1 million short tons in 1960/61. The most significant development in the world sugar situation has been the dramatic production decline in Cuba, formerly the largest producer. However, the decline in Cuban production from 7.5 million short tons in 1960/61 to an estimated 4.0 million in 1963/64 has been partly offset by increased output in other areas.

The current Cuban crop was damaged by a hurricane in October. Drought conditions in USSR during the summer of 1963 reduced output considerably. Reflecting this adverse weather, the aggregate 1963/64 production in the Sino-Soviet Bloc, including Cuba, is down about 100,000 short tons from 1962/63, despite earlier indications of a substantial increase.

Free world production is up 3.8 million short tons from 1962/63. Increases in the United States, including Hawaii and Puerto Rico, approach 1 million short tons. Increases in Asia, excluding Mainland China, amount to about 1.2 million. Despite adverse weather earlier in the season, the crop in Western Europe is approximately 825,000 tons above the preceding season. African production is up nearly half a million tons. The South American crops were somewhat disappointing, totaling only slightly above 1962/63.

World stocks were reduced considerably during the past two seasons as world consumption exceeded production. Although export availabilities this season are below average, import requirements in some major importing countries are also lower. For example, Western Europe, which imports a substantial amount, has a larger crop this season. In addition, stocks are at a high level in several other importing countries, including the United States.

Beyond 1963/64, production is expected to increase further, thus easing the tight supply position. A number of major and minor sugar producing countries have initiated programs to increase production.

World consumption of centrifugal sugar has reached a level of around 60 million short tons per year. It has been increasing at about 4 percent a year, with a substantial increase in the USSR. High prices, associated with a tight world supply position, are slowing the rate of increase in consumption in 1963/64, particularly in low-income countries and in some exporting countries seeking to maximize exports because of high prices.

Coffee: World production of green coffee in the marketing year that began October 1963 is estimated at 65.9 million bags (132.3 pounds each), slightly above the preceding crop. Frosts and droughts adversely affected the 1963/64 coffee crop in Brazil, the largest producer. World exportable production for 1963/64, estimated at 52.0 million bags, is about 4 million above import requirements. Carryover stocks at the end of September 1964 are expected to approximate 70 million bags, the equivalent of more than a year's world consumption. Some allowance has been made in this estimate for older lower grade stocks being destroyed or used for nonbeverage purposes. The bulk of world stocks are held by Brazil and Colombia and have been accumulating over a number of years.

World trade in coffee amounts to about $2 billion annually; it is one of the three leading agricultural commodities in world trade. The United States imports about half of the total; Brazil accounts for about 35 percent of all exports. Total world consumption, estimated at 62 million bags for 1963/64, is increasing about 3 percent per year.

The International Coffee Agreement became effective October 1, 1963. This followed a series of annual producer agreements in effect since 1957. The present agreement, involving exporting and importing countries, is based on export quotas. Key objectives are to stabilize coffee prices at levels considered equitable to both importing and exporting countries and to reduce surplus supplies to attain a desirable supply-demand position.

Bad weather and an assumed further liquidation of poor quality coffee indicates no further buildup in surplus stocks this season. Beyond 1963/64 the carryover effects of adverse Brazilian weather will also affect crops for the next two seasons. Also, production curtailment plans of exporting members of the agreement, particularly the tree eradication program in Brazil, should result in a reduction in world coffee surpluses.

Cocoa: World production of cocoa beans during 1963/64 is estimated at 1.14 million metric tons, slightly below the 1962/63 crop. Consumption has been increasing rapidly in recent years and, although it may increase at a lower rate in 1963/64, seems likely to exceed production for the second consecutive year. This means a moderate reduction in inventories, which had accumulated to rather high levels because of a succession of large crops.

The reduction in 1963/64 production is due to a somewhat smaller African crop. This decline is only partially offset by a larger Brazilian crop and slight increases in most other producing areas.

World exports of cocoa beans have totaled around 1 million metric tons during each of the past 3 years. Africa exports over two-thirds of the total. The United States, the United Kingdom, and EEC countries are the major importers.

A Cocoa Producers Alliance composed of several major producing countries was formed in 1962. Its objectives are to stabilize prices, promote increased consumption, and exchange information. For the past several years the Cocoa Study Group of the Food and Agriculture Organization (FAO) explored the possibility of an international cocoa agreement. This culminated in a United Nations Negotiating Conference in Geneva, September - October 1963. The Conference failed to negotiate an agreement primarily because of its inability to compromise differences regarding prices between producing and consuming countries.

West Africa holds the key to the future cocoa situation. This major producing area has the potential to increase production further, although diseases and insects are constant threats. Taking all factors into account, it is likely that production increases in the next several years will be adequate to meet the expected higher demand.

Tea: World tea production is estimated at 1.02 million metric tons in 1963, only slightly above the 1962 harvest. Current production is 16 percent above the 1955-59 average. Increases are taking place in Asia, Africa, and South America. India accounts for about one-third of world production, while Ceylon accounts for 20 percent and Mainland China about 15 percent. Kenya and the Federation of Rhodesia and Nyasaland are the principal African producers, and Argentina accounts for two-thirds of South American production.

World exports totaled about 0.56 million metric tons in 1962, up nearly 9 percent from the 1955-59 average. Exports from India and Ceylon account for three-fourths of the total. The United Kingdom takes about two-fifths of world imports. The United States ranks second in imports, and has shown steady increases in the past several years. Per capita consumption in the United Kingdom amounts to almost 10 pounds, compared with 0.68 pounds in the United States.

Indications point to continued high production in 1964 and future years, as many countries are expanding tea acreage. Production is expected to increase faster than export requirements in the next several years. But producing countries will probably increase consumption, thus limiting the buildup in stocks.

Hops: World production of hops in 1963 was considerably above 1962 and the 1955-59 average. The 1963 output in the three major producing countries--the United States, West Germany, and the United Kingdom--was about 12 percent larger than in 1962 and 15 percent above average. These countries generally account for three-fifths or more of world production. Hop production in the United States increased from about 20,000 metric tons in 1962 to approximately 24,000 in 1963. As a result of increased world supplies, lower prices are expected in 1963/64 than in the preceding season.

Tobacco

World tobacco production in 1963, at 4.2 million metric tons (9.2 billion pounds) established a record high--6 percent above 1962.

The world crop of flue-cured leaf in 1963, at 1.45 million metric tons (3.2 billion pounds) was about the same as in 1962. Smaller harvests in the United States, the Federation of Rhodesia and Nyasaland, and India offset increases in Japan, Brazil, Italy, and Bulgaria. The U. S. crop of flue-cured in 1963, at about 1.3 billion pounds, was about 80 million pounds smaller than in 1962 principally because of a cut in acreage. The Rhodesian crop totaled about 200 million pounds compared with the peak of 237 million in 1961. Despite a cut in acreage, Canada's crop at 188 million pounds equaled the 1962 harvest because of record yields.

World production of oriental tobacco in 1963 reached a record high of nearly 1.3 billion pounds. This was slightly above the previous high in 1957 and one-fifth larger than in 1962. Increased plantings and near-record harvests occurred in Greece, Turkey, Yugoslavia, and Bulgaria.

Blue-mold disease adversely affected tobacco production in nearly all oriental-producing countries, but heaviest losses were in Syria, Lebanon, Israel, and Iran. Turkey's crop would have been larger if blue-mold had been effectively controlled. Tobacco production in Western Europe was not significantly affected by blue-mold in 1963.

Free world exports of leaf tobacco in 1962 (including an estimate for Cuba) set a record at 0.77 million metric tons (1.69 billion pounds), just a little above 1961. Indications are that exports were somewhat smaller in 1963 than in the previous 2 years because of reduced quantities for export in several major producing countries.

The U. S. share in free world exports in 1962 was 28 percent compared with 30 percent in 1961 and 35 percent in 1955-59. It is likely that the U. S. position in world trade improved somewhat in 1963 because the 1963 crop of flue-cured contained a higher proportion of the qualities desired by foreign buyers than in 1962. Sharp gains in exports in recent years have been made in the Federation of Rhodesia and Nyasaland, India, Turkey, the Philippines, Brazil, Italy, Japan, and Colombia.

World output of cigarettes in 1962 reached a peak of 2,388 billion pieces--up 2.4 percent from the previous high of 1962. Both the percentage increase and the absolute gain from 1962 were much smaller than in recent years. Growing consumer acceptance of the American-type blended cigarette continues, improving the export outlook for burley, an important ingredient.

Annual gains in world cigarette consumption are not expected to equal those of recent years. This, together with other factors reducing the quantity of tobacco used per cigarette, will almost certainly tend to affect the level of leaf tobacco trade in future years. Additionally, there is a growing emphasis in a number of countries toward self-sufficiency in tobacco.

Fibers

Cotton: The world cotton situation in 1963/64 is featured by an alltime high production of 49.1 million bales, the first increase in world consumption in 4 years, and low stocks in nearly all countries except the United States and India. World production exceeded consumption by 2.8 million bales in 1962/63. An excess of 1.8 million bales is expected in 1963/64.

World cotton production of 49.1 million bales in 1963/64 is slightly above last year's high of 48.8 million bales. Governments of nearly all foreign producing countries are actively encouraging production expansion. Cotton acreage in foreign countries reached a high of 66.2 million acres in 1963/64, up 1.3 million from the previous record a year earlier. However, foreign free world production will probably be down 0.5 million bales because of lower yields.

World cotton consumption is showing some signs of turning upward and is currently expected to total around 47.3 million bales in 1963/64, up 1.3 million from last year, with the largest increases in the United States, Japan, India, Canada, and several countries in Western Europe. The moderate revival from last season, when inventories of cotton and cotton textiles were being reduced, is partly cyclical. Production of manmade fibers is still increasing rapidly and will limit improvements in the demand for cotton products. In foreign non-Communist countries, cotton consumption reached a peak of 23.6 million bales in 1961/62, declined slightly to 23.3 million last season, and is expected to set a record of about 24.0 million bales in 1963/64.

World cotton stocks on August 1, 1963, estimated at 22.6 million bales, were up 3.0 million from a year earlier. U. S. stocks increased 3.4 million, and the total for other countries declined again. Stocks in non-Communist importing countries were reduced by 1.0 million bales in 1961/62 to 5.6 million on August 1, 1962, the lowest level since 1959. A slight increase, mostly in India, was reported for August 1, 1963, while stocks in most other countries were down.

U. S. stocks, estimated at 11.2 million bales on August 1, 1963, were the largest since 1957 and may be close to 12.9 million bales by the end of the current season. Stocks owned by the U. S. Government at the beginning of the new export sales program (April 1963) and those acquired on August 1, 1963, totaled about 9.4 million bales. Exporters have access to these stocks on a competitive bid basis reflecting world prices in 1963/64.

The expected increase in world cotton trade to 17 million bales in 1963/64 from 15.9 million a year earlier will probably be reflected entirely in a rise in U. S. exports. Sales from U. S. Government stocks for export in 1963/64 totaled 3.4 million bales through December 2. U. S. cotton exports likely will reach 5 million bales in 1963/64 and if any significant rebuilding of inventories in importing countries (not now expected) occurs, exports could go substantially higher.

The USSR normally exports 1.5 - 1.8 million bales a year, with 80 to 85 percent going to Communist countries in Eastern Europe and nearly all of the remainder to Western Europe. Imports into the USSR usually total 0.5 - 0.8 million bales annually, all from non-Communist countries. Communist countries other than the USSR in recent years have imported 1.1 - 1.3 million bales from non-Communist countries. The Soviet cotton crop, which suffered from shortage of irrigation water in 1962, was somewhat better in 1963, although still below planned levels. Cotton is also in short supply in Mainland China; therefore, Communist countries may increase their imports from the free world.

U. S. cotton export prices are now fully competitive with those of similar foreign qualities. U. S. prices are 1.2 cents to 1.6 cents a pound lower than a year ago and most foreign prices are down approximately 1 cent a pound. However, Mexican cotton, the principal competitor of U. S. cotton on export markets, is being quoted in Liverpool at prices slightly higher than a year ago and slightly above U. S. cotton because of the smaller Mexican crop.

Wool: World wool production in the 1963/64 marketing season was about 2.6 million metric tons (5.8 billion pounds), slightly above a year earlier and 7 percent above the 1956-60 average. A moderate production increase is likely in 1964/65. Sheep numbers are at record-high levels in Australia and New Zealand and are relatively high in Uruguay, Argentina, and in most other South American countries. Numbers in the Soviet Union at the beginning of 1963 were also at record levels and second only to those in Australia.

World wool prices rose substantially in 1963 to the highest level in 5 years. Continued prices at relatively high levels to producers seem likely in 1964. Stocks in producing and consuming countries are small. Demand for wool is expected to continue relatively strong because of general world prosperity, despite the increasing production of competing synthetic fibers.

Jute: World production in 1963/64 is estimated at 2.2 million metric tons (4.9 billion pounds) compared with the peak of 2.5 million tons (5.5 billion pounds) in 1961/62. India and Brazil reported smaller crops. Pakistan and India together produce 96 percent of the world supply.

Exports of jute fiber from Pakistan, the principal exporter, totaled 786,700 metric tons (1,734 million pounds) in 1962/63. Exports to Europe accounted for 65 percent of the total. The principal importing countries were the United Kingdom, Belgium, France, India, West Germany, the United States, Japan, and Italy.

World consumption continued upward in 1962/63. Carryover stocks in the two major producing countries rose by 100 million pounds in that year and are still at relatively high levels. Prices were slightly higher in September 1963 than a year earlier.

Sisal: The 1963 world crop was estimated at 627,000 metric tons (1,383 million pounds)--a gain of 9,000 tons from a year earlier. Tanganyika, Brazil, Angola, and Kenya produced 83 percent of the total. Exports increased in 1963. Prices rose 50 percent from April 1962 to April 1963 before they leveled off at 18.6 cents a pound.

Abaca: Production increased to 118,000 metric tons (261 million pounds) in 1963 from 116,000 tons in 1962; exports from the Philippines, the principal producer and exporter, increased accordingly. Prices continued downward from the 1960 peak of 31.7 cents a pound, averaging 22.6 cents in the first 9 months of 1963.

Henequen: Production in 1963 was estimated at only 139,000 metric tons (307 million pounds), a drop of 17 percent from 1962. Most of the reduction was in Mexico, to 127,000 tons from 154,000 in 1962. Mexican stocks were reduced to a negligible quantity by the end of 1963. Mexican exports were restricted for a few months in 1963 in order to supply domestic mills, and the total for the year was only 32,000 metric tons compared with 40,000 in 1962. Henequen prices in New York rose from 8.1 cents a pound in December 1961 to 11.4 cents in December 1962 and January and February 1963. Absence of available fiber on the market resulted in no quotation during the rest of 1963.

ITUATION BY REGIONS

Western Hemisphere 1/

Larger agricultural output in the Western Hemisphere is anticipated for 1963/64 despite the adverse effect of weather and other factors upon some crops in Latin America. A substantial increase over 1963 is anticipated in supplies of grains and oilseeds for consumption and export; moderate gains are expected in many other crops and livestock products.

Pressures upon foreign exchange resources continue as an important incentive for expanding exports of hemisphere countries. Latin American countries in 1964 will likely continue competing strongly in U. S. markets for coffee, cocoa beans, bananas, sugar, and other foodstuffs. Canada and Argentina will provide more export competition in hemisphere and other markets, particularly for U. S. wheat. U. S. exports to Canada may decline. Shipments of wheat and other food commodities to Latin America may be below the previous year.

Canada: Highly favorable growing conditions contributed to a record Canadian farm output in 1963. The per capita production index (1952-54 =100) of 104, up nearly 7 percent from a year ago, reflected a 1963 wheat harvest estimated at a record 19.7 million metric tons (723 million bushels). Production of feedgrains, forage, oilseeds, poultry meat, and beef exceeded the previous year. Output of fruits and milk remained near 1962 levels. Tobacco, potato, pork, and egg production decreased slightly below 1962.

Preliminary estimates indicate that 1963 agricultural imports were near those of the previous year. Exports rose due to expanded deliveries of cereal grains to Communist Bloc countries. With record supplies and recently increased commitments to Communist countries, a further rise is anticipated for grain exports during 1964. Some gains are also anticipated in exports of oilseeds, dairy products, and some other commodities. Canada's import demand for U. S. beef, pork, soybeans, and tobacco probably will continue strong, but import demands for other products may weaken.

United States: Total U. S. farm output in 1963 was nearly 2 percent above 1962. This increase slightly exceeded the population growth of about 1.5 percent. Food consumption per capita increased about one-half of 1 percent. Large increases in meats, largely beef, more than offset declines in eggs, fish, and fruit (mainly citrus). Nonfood use of farm products such as fibers, oils, and tobacco was about steady in total and down slightly on a per capita basis.

Exports were up substantially from 1962, particularly in the closing months of 1963. Exports of wheat, soybeans, and tobacco were running ahead of 1962. Imports for consumption in 1963 were also above 1962, but not up as much as exports. With total use of most farm products up more than supply, yearend carryover stocks of grains and dairy products were down; but there was a sizable increase in cotton stocks.

1/ For countries included in the Western Hemisphere, see table 3.

For 1964, per capita food consumption likely will be about the same as in 1963. Gains in consumption of beef, chicken, and fish will likely offset declines in pork, eggs, and fruit.

Latin America: Per capita food production in Latin America for 1963/64 is expected to approximate that of the previous year, with increases anticipated in grains, sugar, and livestock products offsetting reductions in other food crops. Smaller nonfood crops, particularly coffee and cotton, will result in a continued decline in agricultural production per capita. U. S. exports of wheat and other commodities to Latin America may decline from the record levels in 1963. The value of U. S. imports from Latin America recovered slightly in 1963 but in 1964 may continue the downtrend of recent years.

Mexican agricultural production for 1963/64 is expected to exceed the record level of the previous year, with no change in per capita production. Substantial gains in production of

Table 3.--Western Hemisphere: Indices of agricultural production, total and per capita by countries, 1960/61, 1963/64 1/

(1952/53-1945/55=100)

Country	Total				Per capita			
	1960/61 2/	1961/62 2/	1962/63 3/	1963/64 4/	1960/61 2/	1961/62 2/	1962/63 3/	1963/64 4/
Canada	111	97	121	132	93	79	97	104
United States	114	115	117	119	101	100	100	100
Latin America:								
Argentina	98	108	101	113	87	94	86	95
Bolivia	137	147	150	156	117	122	122	125
Brazil	142	152	148	145	115	119	112	107
Chile	122	118	124	120	103	98	101	95
Colombia	126	126	136	135	104	101	105	102
Costa Rica	131	129	134	137	100	95	95	93
Cuba	133	101	84	77	115	86	69	63
Dominican Rep.	138	142	137	141	109	108	101	100
Ecuador	173	175	175	185	138	136	133	135
El Salvador	136	167	180	198	112	135	141	151
Guatemala	135	151	175	189	110	119	135	141
Haiti	93	108	105	94	80	92	87	76
Honduras	128	138	143	147	103	109	109	109
Mexico	150	156	166	171	121	123	127	127
Nicaragua	134	165	186	193	106	126	137	138
Panama	112	124	124	130	91	98	95	97
Paraguay	101	103	113	111	86	87	93	90
Peru	109	118	115	121	93	98	93	96
Uruguay	94	92	95	98	84	81	82	83
Venezuela	145	146	163	168	111	107	116	115
Jamaica 5/	116	116	126	125	106	105	112	111
Trinidad and Tobago 5/	131	112	125	126	107	88	95	94
Total Latin America	126	131	130	132	104	105	102	100

1/ Canada and U. S. production on calendar year, e.g., 1960/61 equals 1960. 2/ Revised. 3/ Preliminary for Latin America. 4/ Preliminary for Canada and United States; forecast for Latin America. 5/ Not included in Latin America total.

corn and other basic food crops are expected and sugar output may be up more than 10 percent from the record high a year earlier. Production of cotton, Mexico's principal export, is down about 18 percent, and some decline in coffee production is anticipated.

Central American agricultural output for 1963/64 is expected to continue upward, based upon expanded production of cotton, sugar, coffee, and livestock. Overall production of most of these commodities has been stimulated by removal of trade restrictions within the free trade area. With improved world prices, particularly for sugar, this area should continue as a small but growing market for U. S. agricultural products.

Caribbean agricultural output for 1963/64 is expected to decline despite some anticipated recovery in the Dominican Republic. Hurricane destruction of important food and export crops in Cuba and Haiti will reduce exports and necessitate substantial imports to meet their food requirements.

South American production for 1963/64 will be influenced by the recovery from drought conditions in the southern temperate zones. Per capita production in Argentina in 1963/64 may reach its highest level since 1958/59 with substantial gains anticipated for all crop and livestock products. A rise is expected in per capita output in Peru despite expectations of a smaller 1963/64 cotton crop. Current estimates indicate some continued expansion in Venezuelan agriculture.

Improved prospects in these countries may be offset by decreased agricultural production in Brazil and Colombia. Drought reduced the Brazilian coffee and sugarcane harvest for the second consecutive year, and corn and rice production may be below the record levels of 1962/63. Chilean production is expected to decline with a decrease in both grains and livestock products. Smaller grain crops in Colombia will lower per capita food availabilities and may necessitate larger imports to meet domestic requirements in 1964. The overall outlook for South America is for a slight rise in per capita food output but some reduction in per capita output of all farm products.

Western Europe 2/

Agricultural production in Western Europe in 1963/64 is expected to be slightly above the record high of 1962/63. The index of net agricultural production is forecast at 125 (1952/53 - 1954/55 = 100), up 1 point from last season. The per capita index is unchanged at 115. Overall agricultural imports into Western Europe may show a slight increase from last year's level.

Output has increased sharply in Spain and moderately in Austria, Finland, West Germany, France, Greece, and Belgium. The indices of production in the United Kingdom and Norway did not change from 1962/63 to 1963/64.

Following a bumper wheat crop and large feedgrain crop in Western Europe in 1962, wheat production declined sharply in 1963. All countries except West Germany and Norway contributed to this decline. The winter of 1962/63 was unusually severe and a considerable acreage of fall seeded crops, largely wheat, had to be replanted. Part of this replanted acreage was put into feedgrains. As a result, the production of feedgrains increased. Wheat production for 1963 is estimated to total 35.5 million metric tons compared with 44.0 million a year earlier. Estimated feedgrain production (including rye and mixed grain) is 58.3 million metric tons compared with 53.7 million in 1962. To aggravate the short wheat crop, weather during harvest was unfavorable and substantial quantities of wheat are not of millable quality.

2/ For countries included in Western Europe, see table 4.

Table 4.--Western Europe: Indices of agricultural production, total and per capita by countries, 1960/61-1963/64 1/

(1952/53-1954/55=100)

Country	Total				Per capita			
	1960/61	1961/62 2/	1962/63 3/	1963/64 4/	1960/61	1961/62 2/	1962/63 3/	1963/64 4/
Austria	129	127	135	138	127	125	131	134
Belgium	114	118	123	124	109	112	117	117
Denmark	113	115	117	116	108	110	110	108
Finland	116	127	119	122	109	118	109	111
France	123	124	125	129	117	117	119	117
West Germany	124	113	128	131	112	101	113	115
Greece	120	142	138	141	113	138	134	136
Ireland	109	105	103	101	113	109	107	105
Italy	116	124	119	117	112	118	113	110
Netherlands	130	130	135	132	119	117	121	116
Norway	111	117	114	114	104	108	105	105
Portugal	120	120	129	127	113	108	115	113
Spain	114	110	123	129	108	100	111	115
Sweden	91	93	94	91	87	89	90	86
Switzerland	119	118	123	120	107	104	106	101
United Kingdom	117	117	126	126	113	111	119	118
Total Western Europe	119	119	124	125	112	111	115	115

1/Excludes food produced from imported feed. 2/Revised. 3/Preliminary. 4/Forecast.

A considerable quantity of wheat will be fed to livestock in 1963/64. During 1962/63, 9.6 million metric tons of wheat were fed, apparently a record quantity. Import need will continue for strong wheats for blending and substantial quantities of soft wheats of the kind produced in Europe may be imported in 1964. Feedgrain requirements will continue to increase as the uptrend in livestock numbers continues. However, the increase may not be large enough to hold feedgrain imports at last year's level because of increased output of feedgrains and the availability of low quality wheat for feed use. Preliminary information indicates a slightly larger acreage of grain was planted in the fall of 1963 than a year earlier.

Production of potatoes, sugar, and citrus fruit increased in 1963. Deciduous fruit production was about the same as in 1962. Olive oil output was also considerably above 1962 and rice production was about at the same level.

The production of beef, veal, pork, and lamb and mutton increased somewhat in 1963, while milk and butter output declined. Egg production rose slightly and poultry meat production increased significantly.

The rate of economic growth in 1963, especially in the first quarter, slackened from that of a year earlier because of severe winter weather that tied up construction activity and transportation and limited agricultural output. As a result, industrial production fell more heavily than usual. Strikes in some industries in France and Italy reduced output somewhat. The recession in the United Kingdom in 1962 continued into the early months of 1963. With the coming

of spring, however, activity picked up sharply and continued strong through the remainder of the year. It is expected that the gain in gross national product in Western Europe from 1962 averaged about 4 percent for 1963.

The demand for labor also eased in early 1963. However, in several countries the high level of output and demand caused wage and product prices to advance. From data for the first half of 1963 the wholesale price index increased in most countries, the increases ranging from 1 to 8 points over the same period in 1962. The cost-of-living index increased similarly during this period.

Holdings of gold and foreign exchange by West European countries continued to rise strongly. As of June 1963 estimated total holdings were about $30.4 billion, up from $29.0 billion a year earlier and $25.7 billion in June 1961. Particularly large increases were reported in France, West Germany, Austria, Belgium, and Norway. Only in Finland, Sweden, and the United Kingdom were reduced holdings reported.

Progress toward further enlargement of the area of economic integration in Western Europe came to an abrupt halt early in 1963 with the cessation of EEC-United Kingdom negotiations. Negotiations by Denmark and Norway and preparations for negotiations by other European Free Trade Area (EFTA) countries 3/ and by Ireland were more or less suspended. Austria is reported, however, to be pursuing the possibility of some kind of mutually satisfactory arrangement with EEC. In September 1963 an association agreement between EEC and Turkey was signed which, when ratified, will provide Turkey development assistance and improved terms of access for certain agricultural commodities, including tobacco and raisins. A 3-year trade agreement was signed by EEC and the Government of Iran in October. The agreement provides improved terms of access to the EEC for Iranian carpets, raisins, dried apricots, and caviar. A second 5-year convention of association between the EEC and the Associated Overseas Territories was initiated in December 1962 and its ratification is being considered by the respective governments. This agreement contains a provision for preferential trade relations between the contracting parties and a provision that EEC will make available approximately $800 million in 1963-67 for development loans and grants to the Associated Overseas Territories.

Internally, EEC developments in the nonagricultural sector continued at a rapid pace with the dismantling of internal tariffs on industrial goods continuing well ahead of schedule at a level that reflects a 60 percent reduction from 1957. Marketing regulations for beef, rice, and dairy products are now well behind completion dates scheduled earlier and very little progress has been made in the direction of harmonizing EEC grain prices. The EEC has agreed to the inclusion of agriculture within the scope of the multilateral trade negotiations scheduled to begin in May 1964 in Geneva.

The EFTA countries by the end of 1962 had achieved a 50 percent reduction in their internal tariffs on industrial goods. They agreed in May 1963 on further steps designed to abolish by the end of 1966 all tariffs and other obstacles to free internal movement of goods covered by the Convention. Some steps were also taken at the EFTA ministerial meeting in Lisbon in May 1963 which, when implemented, will assist the further development of internal trade in some agricultural products on both a multilateral and bilateral basis.

During 1958-1962, U. S. exports of farm products to Western Europe varied between $1.6 billion and $2.0 billion. During 1961 and 1962 total agricultural imports into Western Europe were $16.9 billion and $17.7 billion. The U. S. share of these imports was 12 percent

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3/ EFTA countries are Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom. Finland is an EFTA associate.

and 11 percent, respectively. In value, feedgrains was the largest U. S. export, followed by oils and oilseeds, tobacco, cotton, wheat and flour, fruits, animal fats, oilcake, poultry, and vegetables.

Dollar sales in proportion to total exports of U. S. products to Western Europe have been steadily increasing. They were 70 percent in 1957, 85 percent in 1961, and 88 percent in 1962. Dollar exports of farm products to Western Europe were about 50 percent of total U. S. dollar exports of farm products in 1962.

U. S. farm exports to Western Europe in 1962 declined slightly from 1961, to $1,992 million from $2,010 million. This was the first year since 1958 that the value of U. S. exports to Western Europe failed to rise. The increase in U. S. exports of feedgrains, vegetable oils and oilseeds, fruit, oilcake, poultry, and vegetables in 1962 was not sufficient to offset sharp declines in cotton, wheat and flour, tobacco, and animal fats and oils. The value of U. S. exports to Western Europe during 1963 apparently did not change significantly from the 1962 level. Increased exports of wheat and flour and cotton, and continued large exports of tobacco, vegetable oil and oilseeds, and oilcake and meal probably offset declines in feedgrains, fruits, and poultry.

Eastern Europe 4/

The most striking feature of the agricultural picture in Eastern Europe during 1963 was the very poor grain crop in the Soviet Union. This, coupled with mediocre crops throughout Eastern Europe, resulted in a decline of total agricultural production for the region. The situation was aggravated by several consecutive years of mediocre crops, the continuous growth of population, and the desire for better diets. The Communist regimes in Eastern Europe again failed in their ambitious plans to expand agricultural production. Unprecedented heavy imports of grain will be required by the area, especially by the Soviet Union.

In the Soviet Union poor weather was a major contributing factor to the dismal 1963 crop situation, to an even greater extent than in 1962. A fall drought, followed by a severe winter with sudden thaws and freezes, adversely affected fall sown crops, particularly winter wheat. A spring and summer drought affected almost every agricultural region. It particularly damaged crops in the spring wheat belt of the New Lands area, which suffered from drought for the third successive year. Grains other than wheat, including oats, barley, and corn, were also affected by the drought. Also damaged in varying degrees were sunflowers, sugar beets, potatoes, and hay. Winter rye, however--which in the Soviet Union is primarily a breadgrain, though of declining importance--was apparently less severely damaged. A slightly larger cotton crop, which suffered in 1962 from a shortage of irrigation water, was indicated.

The Soviet breadgrain crop (wheat and rye) in 1963 probably was the smallest since 1954 and stocks apparently were minimal. Instead of exporting 4.8 million to 6 million metric tons of wheat as it did annually during 1959-62, the Soviet Union will have to import 10 million to 15 million tons during 1963/64. However, some modest exports to the satellites are expected.

There has been no indication of actual shortages of bread in the Soviet Union, despite some reported panic buying. However, the regulation--which was previously not enforced--that only 2 kilograms of bread (4.4 pounds) can be sold to a customer is now strictly observed. Also, a deterioration in the assortment and quality of bread and the disappearance of flour from state stores has been reported.

4/ For countries included in Eastern Europe, see table 5.

Table 5.--Eastern Europe: Indices of agricultural production, total and per capita by countries, prewar and 1961/62-1963/64 1/

(1952/53-1954/55=100) 2/

Country	Total				Per capita			
	Prewar	1961/62	1962/63	1963/64 3/	Prewar	1961/62	1962/63	1963/64 3/
USSR	102	138	141	4/135	104	122	123	116
Other Eastern Europe:								
Poland	129	139	132	125	107	123	115	107
East Germany	125	100	101	102	136	107	107	108
Czechoslovakia	138	128	129	125	124	120	119	115
Hungary	112	123	124	119	118	117	118	113
Rumania	100	130	125	130	108	117	111	115
Bulgaria	96	136	136	136	106	125	124	123
Yugoslavia	112	136	132	133	127	124	119	119
Total	119	128	125	123	118	119	116	113
Total Eastern Europe	108	135	136	131	109	121	121	115

1/ Crops are harvested during the calendar year. Livestock production is based on last half of one year and first half of following year. 2/ Base period for the USSR is 1953/54 - 1955/56. 3/ Forecast. 4/ The index of total agricultural production obscures the divergence between crop and livestock production. Grain production, for instance, was 20 percent below the preceding year, while meat production increased 8 percent because of feed shortages and increased slaughter.

Shortages of feed, and increased government procurement prices of livestock which were decreed last year, are resulting in a considerable liquidation of overextended livestock numbers in the Soviet Union. While available meat supplies have been augmented temporarily, indications are that milk yields and production continue to decline.

The government's reaction to the 1963 crop fiasco was to initiate a program to step up the use of chemical fertilizer, especially on grains, to raise low yields. The USSR also proposes to increase the grain area under irrigation to assure more stable yields. Compared with a very small acreage in previous years, 6.4 million acres of irrigated land are to be planted to grain in 1964. In addition, it is planned that 6.9 million acres will be added to the irrigated area during the next few years for grain production. Large increases in planted acreage, as during 1954-62, are no longer contemplated.

Agricultural production in the rest of Eastern Europe did not decline as much as in the USSR during 1963/64. Crop production in the other East European countries, although largely subjected to the same adverse climatic conditions as the USSR, was not as seriously affected. Conversely, in all of Eastern Europe except the USSR the output of livestock products from reduced herds declined considerably compared with the substantial increase in USSR meat production, occasioned by the continued "distress slaughter" of overextended herds.

Following 2 years of declining production in the Danubian countries, output is estimated up slightly during 1963/64. An increase of 5 percent took place in Rumanian production. Output in Yugoslavia increased slightly, while the level of Bulgarian output remained unchanged. In contrast, production in Hungary fell about 4 percent from the level of the preceding year. A decline took place in agricultural output in Poland and Czechoslovakia largely because of reduced output of livestock products and oilseeds. The most significant feature of the agricultural situation in East Germany during 1963 was the apparent stabilization of output following the precipitous decline that accompanied the completion of collectivization. Continued substantial imports of food products will be required.

Net grain import requirements of the area will be substantially above the level of the previous year despite the maintenance of Rumania's net export position. The potential for export of livestock products from all the countries has diminished considerably. Tobacco exports from Bulgaria and Yugoslavia are expected to increase.

West Asia 5/

Although drought, floods, and unseasonable weather reduced agricultural production in localized areas of West Asia during 1963, total farm output improved about 4 percent over the previous year and 36 percent over the 1952-54 level. Population growth absorbed most of the gains in production, however, with 1963 per capita output only 1 percent over 1962 and 4 percent over the base period.

In Turkey, the area's largest agricultural producer, the 1963 wheat crop is estimated at 14 percent above 1962. But reduced yields in Syria, Iraq, Jordan, and some sections of Iran limited the gain in regional wheat production during 1963 to only about 3 percent. West Asian barley was up 4 percent from the previous year with increased Turkish and Iranian production overbalancing the short crop in Iraq. Increases are expected in the production of other grains in 1963 with gains of about 19 percent in corn and 15 percent in rice.

Tobacco production in 1963 was 24 percent above 1962's unusually low total of 109,000 metric tons but was 7 percent below the 1958-61 average. Output of cotton lint continued upward with an 18 percent gain this season over the 1958-62 average.

Gains in Turkey's total and per capita farm production came largely from high yields of wheat, barley, and corn. The majority of other significant Turkish crops and livestock products also improved over last season.

The increase in agricultural output in Iran, West Asia's second largest producer of farm products, accrued mainly from better yields of wheat, rice, dates, cotton, cottonseed, and increases in output of most livestock products.

Iraq's abrupt decline in 1963 in both total and per capita agricultural production stemmed from reduction of the wheat and barley crops through flood damage--followed by disease--and from losses directly due to the Kurdish dispute.

The decrease in Syrian farm production from 1962 mainly reflected much smaller grain crops in 1963. However, compared with the drought-depressed 1958-61 average, there was an increase of more than 45 percent in total farm output.

Agricultural production in Cyprus increased considerably in 1963 over recent years, largely because of good crops of grains, potatoes, carobs (locust pods for livestock feed), and citrus fruits. Total farm production in Israel remained at a high level although per capita production was 3 percent under the record in 1962.

5/ For the countries included in West Asia, see table 6.

Table 6.--West Asia: Indices of agricultural production, total and per capita by countries, average 1935-39 and annual 1961-63 1/

(1952-54=100)

Country	Total				Per capita			
	Average 1935-39	1961 2/	1962 2/	1963 3/	Average 1935-39	1961 2/	1962 2/	1963 3/
Cyprus	70	117	118	134	96	103	103	116
Iran	84	133	131	137	112	110	106	109
Iraq	60	123	133	115	97	100	106	89
Israel	70	212	234	236	115	161	168	163
Jordan	40	104	87	59	63	84	68	45
Lebanon	79	121	130	134	116	101	106	106
Syria	56	112	159	143	85	84	115	100
Turkey	66	121	123	134	90	97	95	101
Total	68	126	131	136	93	102	103	104

1/ Data refer to calendar years, except as follows: For citrus fruit and olives data refer to harvests beginning in the calendar year; for output of livestock products in Israel data relate to years ending September 30. 2/ Revised. 3/ Forecast.

Lebanon showed a small but consistent increase in agricultural output. In contrast, farm production in Jordan dropped to distressingly low levels because of drought; per capita production in 1963 was only 71 percent of the 1935-39 average.

During fiscal year 1963, U. S. exports of farm products to West Asia totaled $168 million, down from $245 million in fiscal 1962. Close to 90 percent of the decrease was due to reduction of food shipments to Turkey. Moderately increased U. S. exports to West Asia are expected during the 1963/64 shipping season. Turkey again has some deficits in wheat and fats and oils. Iraq will require from 400,000 to 500,000 tons of wheat to meet domestic requirements and will have little or no barley for export. Jordan will have to increase grain imports to compensate for drought losses. Additional imports of wheat may also be needed by Iran.

Agricultural exports from West Asia are expected to remain close to the $560 million level of recent years. Syrian exports of cotton in 1963/64 are expected to approximate the year-earlier total of 133,000 metric tons. While Turkish sales of cotton will probably fall slightly below last year's total, exports of tobacco are expected to increase moderately during 1963/64.

Africa 6/

Agricultural production in Africa in 1962/63 was nearly 8 percent higher than in the previous year and it promises to rise another 2 percent in 1963/64.

Northern Africa: Agricultural output in Northern Africa for 1963/64 is expected to surpass the record level of the previous year by nearly 2 percent. Greatest gains were reported

6/ For countries included in Northern and Southern Africa, see table 7.

Table 7.--Africa: Indices of agricultural production, total and per capita by countries, 1960/61-1963/64

(1952/53 - 1954/55 = 100)

Country and region	Total 1960/61	Total 1961/62	Total 1962/63 1/	Total 1963/64 2/	Per capita 1960/61	Per capita 1961/62	Per capita 1962/63 1/	Per capita 1963/64 2/
Northern Africa:								
Algeria	109	79	101	95	92	66	82	82
Egypt	128	112	136	139	108	93	110	109
Ethiopia	114	115	118	120	103	102	104	103
Libya	121	158	152	150	109	140	132	128
Morocco	84	63	86	87	68	49	65	64
Sudan	130	162	149	150	107	130	116	113
Tunisia	131	79	95	122	118	71	83	106
Northern Africa total	116	105	120	122	99	88	98	98
Southern Africa:								
Angola	149	150	163	---	137	136	147	---
Cameroon	129	132	134	137	122	123	124	126
Congo (Leopoldville)	96	86	88	91	81	70	70	70
Dahomey	118	126	129	132	99	102	102	102
Ghana	150	148	152	150	126	121	122	116
Guinea	132	133	133	136	106	105	102	101
Ivory Coast	187	155	198	196	160	128	160	154
Kenya	139	139	150	151	112	109	114	111
Liberia	117	108	113	110	105	96	98	95
Malagasy Republic	126	134	137	141	105	108	108	108
Mali	118	116	119	121	103	99	99	99
Niger	170	171	178	180	142	138	140	137
Nigeria	124	121	127	129	108	103	106	106
Rhodesia and Nyasaland, Federation of	144	161	159	---	119	129	124	---
Rwanda and Burundi	91	91	94	94	76	75	75	73
Senegal	143	154	144	147	120	125	114	114
Sierra Leone	108	109	113	114	94	93	95	94
South Africa, Republic of	128	138	141	--	108	113	114	---
Tanganyika	144	146	153	160	127	127	131	133
Togo	137	125	130	127	110	98	98	93
Uganda	123	123	132	126	103	101	106	106
Upper Volta	113	114	115	118	99	98	97	98
Southern Africa total	128	130	135	137	109	109	111	110
All Africa	123	120	129	131	105	100	106	105

1/ Data for 1962/63 refer to crops harvested in Northern Africa within the year 1962, except for citrus fruit and olives, whose harvest extended into 1963. For Southern Africa 1962/63 refers to crops harvested in the second half of 1962 and the first half of 1963. Data for livestock products are generally on a calendar-year basis and refer to the first year of the split year.

2/ Forecast.

for olive oil, up about 33 percent from a year earlier; grains, up about 5 percent; and citrus, up 4 percent. Production of sugar, pulses, and vegetable crops is expected to gain moderately over the good harvest of the previous year. On the other hand, early estimates place the 1963 cotton crop some 4 percent below the near-record crop of 1962. Northern Africa remains a food deficit area with per capita agricultural production showing no improvement over the preceding year.

Overall agricultural production in Egypt, the leading agricultural producer in Northern Africa, is expected to increase 2 percent over the relatively good year in 1962/63. Larger gains are reported for the various grain crops with rice showing the greatest increase--approximately 300,000 metric tons over the 1.7 million a year earlier. However, the 1963 cotton crop in Egypt is estimated slightly below the near-record 1962 crop due to smaller acreage, insect damage, and extremely hot humid weather. Coffee production in Ethiopia during 1963/64 is estimated at 81,000 metric tons compared with 77,000 a year earlier.

Of the countries in the western portion of the area, Tunisia is experiencing the best crop year. Aided largely by an olive crop that may double the previous outturn, agricultural production in Tunisia is estimated to be 28 percent above 1962/63. Citrus production remains at relatively high levels in Morocco, Algeria, and Tunisia. Grain production is about average in these three countries. The situation is not as bright for tobacco, as blue-mold disease has damaged crops in Algeria and Morocco the second consecutive year.

Northern Africa's exports will continue strong in 1964. Most of Sudan's and Egypt's cotton crop (estimated at about 2.7 million bales for the two countries) will be available for export. In addition the area's exports of rice, citrus, olive oil, coffee, wine, and oilseeds likely will increase. Although the area will have large quantities of farm products for export, there will be need for increased imports. Egypt imported over 1.7 million metric tons (wheat equivalent) of wheat and wheat flour in 1962/63 and will need slightly larger quantities in 1963/64. Egypt must also continue to receive large shipments of vegetable oils, dairy products, coarse grain, and tobacco.

Exports of U. S. farm products to Northern Africa rose steadily from an average of $47.5 million during 1956-58 to a high of $281.5 million in 1962. This trend probably continued through 1963 despite the improved agricultural situation in the area. The greater part of all U. S. farm exports to the area has gone to Egypt under Government programs.

Southern Africa: Farmers in Africa South of the Sahara produced 4 percent more in 1962/63 than in the previous year. This increase was due in part to the recovery of the Ivory Coast coffee crop from a very poor output in 1961/62. Production in 1963/64 is also expected to increase but at a less rapid rate; it probably will be up no more than 2 percent. On a per capita basis 1962/63 production was up nearly 2 percent from 1961/62. Present indications are that 1963/64 production may not quite keep pace with population growth.

Three events influencing the agricultural situation in Southern Africa occurred in 1963:

1. Signing of a permanent agreement between the 18 African Associated Overseas Territories and the EEC.
2. Failure to form a long-term cocoa agreement originally proposed by the FAO study group. Price differences between producing and consuming countries could not be reconciled.
3. Conclusion of the long-term International Coffee Agreement (effective October 1, 1963).

Africa produces over 70 percent of the world's cocoa. The 1962/63 African crop was only about 1-1/2 percent below the peak in 1960/61. The 1963/64 crop is forecast at 6 percent below the record. In Ghana, the leading cocoa producer, the crop in 1963/64 may be down 5 percent from a year earlier.

African coffee production averaged 10.0 million bags in 1955/56 to 1959/60, reached a high of 15.3 million bags (918,000 metric tons) in 1962/63, and probably will go higher in 1963/64. The Ivory Coast, which vies with Angola for first place in African coffee production and third place in the world, had a very large crop in 1962/63 and appears likely to have another large one in 1963/64. Ivory Coast is having difficulty marketing its coffee supplies. Uganda continues to be Africa's third largest coffee producer.

Sugar production and exports increased significantly during 1962/63 in the Republic of South Africa, Swaziland, Southern Rhodesia, and Mauritius in response to increased world prices and demand.

Two-thirds of the world's sisal is grown in Tanganyika, Kenya, Mozambique, and Angola. Sisal production has not kept pace with world demand, bringing higher prices to growers as well as higher prices paid by users of binder twine and other manufactured sisal products. However, Tanganyika's sisal crop in 1962 was the largest on record, 217,469 metric tons.

The Republic of South Africa and Nigeria are the two leading agricultural countries of the area. Farm output in the Republic of South Africa increased a little more than 2 percent in 1962/63 with a gain on a per capita basis of almost 1 percent. The corn harvest in 1963 was 5 percent over the record 6 million metric tons (220 million bushels) in 1962; the 1964 harvest could reach 250 million bushels. Production and exports of fresh and canned fruit continued to expand in South Africa to new highs. Nigeria's total agricultural production increased about 5 percent over the previous crop year. Output was record high for the commercial crops of peanuts, cotton, and rubber. Nigeria is the largest producer of peanuts in Africa and since 1958 has been the leading rubber producer. Food crops have generally been adequate, keeping pace with population growth.

In the Federation of Rhodesia and Nyasaland the 1963 tobacco harvest was only 112,000 metric tons (248 million pounds) compared with 122,000 tons (270 million pounds) in 1962. However, the value of the crop reached a new peak. The flue-cured crop was down about 16,000 metric tons (35 million pounds).

After 3 years of upheaval, production in Congo (Leopoldville) is recovering slowly; production in 1963/64 is expected to reach a level 9 percent below the 1952-54 average. In Kenya, production of corn, wheat, and other food crops has recovered substantially from the adverse weather in 1960 and 1961.

U. S. exports of agricultural commodities to Southern Africa in fiscal year 1963 held at the same level as the previous year--about $90 million. The Republic of South Africa continued as the leading buyer with $15 million. U. S. agricultural imports from the area normally far exceed U. S. exports and in 1962/63 totaled $374 million, mostly coffee and cocoa.

Far East and Oceania 7/

Far East: Agriculture continues predominant in the economies of most Far Eastern countries. For 1963, economic progress occurred largely in the industrial sectors. For the region as a whole, agriculture was virtually stagnant. Japan's index of industrial activity in mid-1963 was 5 percent above a year earlier, a somewhat slower rate of growth than in the previous year. Substantial industrial growth was also registered in India, the second most important industrial country in the region.

World prices for certain commodities play a vital role in most Far Eastern economies. Except for Japan the countries depend primarily upon exports of agricultural commodities

7/ For countries included in Far East and Oceania, see table 8.

Table 8.--Far East and Oceania: Indices of agricultural production, total and per capita by countries, average 1935-39, annual 1961, 1962, and 1963 1/

(1952-54=100)

Country and region	Total				Per capita			
	Average 1935-39	1961	1962 2/	1963 3/	Average 1935-39	1961	1962 2/	1963 3/
Far East:								
Afghanistan	4/91	112	118	122	4/105	96	98	100
Burma	107	115	120	119	134	99	101	98
Cambodia	88	134	156	135	124	115	131	110
Ceylon	74	126	132	130	106	102	105	102
India	83	130	128	129	102	110	106	105
Indonesia	93	117	122	126	111	98	101	102
Japan	83	152	161	157	102	139	148	143
Laos	70	98	98	76	175	84	82	63
States of Malay 5/	6/72	134	136	140	6/96	104	102	103
Pakistan	103	124	121	124	126	105	100	100
Philippines	73	143	155	162	104	111	117	118
Singapore	5/	176	188	205	5/	124	128	135
South Korea	101	142	131	129	142	117	106	101
South Vietnam	172	195	215	212	249	148	159	153
Taiwan	89	140	139	145	144	108	104	105
Thailand	58	146	156	146	75	119	123	111
Total	88	132	133	134	111	112	110	109
Oceania 7/:								
Australia	78	129	134	137	103	108	111	111
New Zealand	78	124	129	131	101	103	106	106
Total	78	128	133	135	103	107	110	110

1/ Agricultural production during stated calendar years, except for rice and some minor crops. The figures for these crops also include production in the early months of the next year.

2/ Preliminary.

3/ Forecast.

4/ Prewar estimated for Afghanistan.

5/ Formerly Federation of Malaya.

6/ Singapore included with States of Malay for prewar period.

7/ Split years 1961/62, 1962/63, 1963/64.

for foreign exchange earnings. Prices for major export items remained relatively steady in 1963. Sugar, copra, and coconut oil prices averaged higher than in the previous year, but lower prices were received for rubber, tea, rice, and jute.

The general price level in India began to trend upward in the second quarter of 1962, increasing sharply in the months following the Chinese invasion of India in October 1962. More fair-price shops were opened for selling foodgrains in an effort to stem the rise in food prices, particularly for rice, the foodstuff in shortest supply. Inflation continued to be a problem in some countries, especially Indonesia.

Foreign exchange holdings in the region in mid-1963 are estimated to have exceeded $5.3 billion compared with $4.8 billion in mid-1962. Holdings are probably at an alltime high. Much of the increase occurred in Japan, India, and Pakistan. However, for India and Pakistan, earning sufficient foreign exchange to finance imports continues to be a major problem. Foreign aid has contributed substantially to the economies of India, Pakistan, South Vietnam, Taiwan, and South Korea.

Agricultural production in the Far East increased less than one-half of 1 percent in 1963. In recent years increases have become progressively smaller; for the last 2 years they have been below the rate of population growth. This reverses a trend of moderate per capita increases during several years in the 1950's. Many food crops of the region showed practically no change in production in 1963. Included in this group are millet and sorghums, pulses, and sweetpotatoes. Production was up for sugar, copra, tea, coffee, rubber, and rice. Production declined in jute, wheat, barley, and rape and mustard.

Changes in total agricultural production in most countries during 1963 from the levels of the previous year were quite small. Countries showing slight gains include India, Indonesia, Pakistan, the Philippines, and Taiwan. The most significant decline occurred in Japan due primarily to a poor winter wheat and barley harvest following excessive rainfall in the spring and early summer months. Thailand and South Korea also showed production declines.

Total value of exports from Far Eastern countries for the year ended June 30, 1963, was about 8 percent above the previous year. Exports of rubber, coconut products, and jute and jute products were higher. Exports of tea, sugar, and rice were about the same. U. S. imports in 1962/63 of agricultural commodities from the region totaled $695 million; more than half came from the Philippines and Malaya. India and Indonesia were the next most important sources. Principal U. S. imports from the region include rubber, sugar, coconut products, and tea.

Total imports by Far Eastern countries reached $16.3 billion during 1962/63, up 1 percent from the previous year. Total U. S. exports to the region amounted to $3,736 million; agricultural products made up $1,396 million, a record level and 18 percent above the previous year. Most of the increase occurred in exports to Japan, India, Pakistan, and South Korea. Japan was again a leading overseas dollar market for U. S. farm products. A substantial portion of U. S. agricultural exports to several Far Eastern countries moved under Government programs, particularly to India, Pakistan, South Korea, and Taiwan.

Mainland China: Agricultural production in Mainland China has failed to keep pace with population growth since 1958 and the country's 1963 harvest was little changed from the moderate 1962 outturn. Production of summer harvested grain crops, which account for about one-fourth of total grain, was below 1962's poor harvest. Intermediate and late rice harvests were only fair. The situation was apparently much the same for most other food crops except vegetables, which increased slightly. Pork and poultry production also increased a little. Weather extremes adversely affected virtually all agricultural areas during the 1963 growing season.

Per capita food availability in the first half of 1964 may be slightly below the level of the same period of 1963. Increased imports of grain in 1963--probably exceeding 6 million

metric tons compared with 4.7 million in 1962 and 5.6 million in 1961--will ease but not relieve the continued tight food situation. To restore per capita grain consumption to the 1957 level would require about 25 million additional tons of grain.

So-called industrial crops received special emphasis by the Communist regime in 1963. Soybean acreage is believed to have been slightly larger than in 1962. Weather probably favored sugar beets in Northeast (Manchuria) China, but the drought in South China adversely affected sugarcane. On the other hand, favorable weather in Szechwan Province, an important sugarcane area, may have increased production somewhat. Tobacco production is expected to be up slightly for 1963 because of increased acreage and generally favorable weather.

Mainland China's most important industrial crop is cotton. It received considerable attention during the 1963 crop year. However, much of this attention appears to have been offset by unfavorable weather. Although yields were down in 1963, cotton production may have increased slightly because of substantial acreage increases.

Oceania: The outlook for the 1963/64 season in Oceania is particularly bright. Agricultural output is expected to expand above the high levels attained in both Australia and New Zealand last season. Both countries' economies are currently benefiting from higher export prices and greater overseas demand for their agricultural commodities. These favorable conditions are expected to continue in early 1964. Australia's foreign exchange reserves are at record levels and New Zealand's prospects for increasing its foreign exchange earnings are the brightest in several years.

Record wool clips are expected in both countries. Australia expects to harvest its second largest wheat crop and forecasts indicate record rice and cotton crops. Gains are also expected in tobacco and oilseed crops, while sugar production--for harvest in June-December 1964--is expected to decline slightly from the record level a year earlier. Unusually good prospects are indicated for New Zealand's exports of wool, beef, mutton, and butter in 1963/64.

FIVE REGIONAL SUPPLEMENTS
TO BE ISSUED

More detailed statements of the situation by regions will be issued in five publications in late January and February 1964. Separate reports will be presented on each of the following: Western Hemisphere, Western Europe, Eastern Europe, Far East, and combined Africa and West Asia. Publications will be complete with text, tables, and charts. Those interested in obtaining copies should write: Division of Information, Office of Management Services, USDA, Washington, D. C. 20250.